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Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

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Daily Report
Latin America

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Inter-American Affairs: MOMEP To Meet on U.S. Non-Support

PY0507192396 Madrid EFE in Spanish 1738 GMT 5 Jul 96

[FBIS Translated Text] Lima, 5 Jul (EFE) — It was reported today that the Ecuador-Peru Military Observers Mission (MOMEP) consulting committee will meet on 8 and 9 July in Lima to discuss the withdrawal of U.S. logistical support. The United States announced it would withdraw its logistical support from the MOMEP as of 6 December.

The MOMEP supervises the fulfillment of the Peruvian-Ecuadoran agreements in the demilitarized zone established by the two countries on their common border. The MOMEP comprises Argentina, Brazil, Chile and the United States, all of which are guarantor countries of the 1942 Rio de Janeiro Protocol, which established the border between Peru and Ecuador.

Diplomatic sources reported today that the MOMEP meetings will be held at the Brazilian Embassy in Lima.

The MOMEP was established in compliance with the mandates of the Itamaraty (the Brazilian Foreign Ministry) Peace Declaration, which marked the end of an undeclared the two countries waged between 26 January and 28 February 1995, the start of the peace negotiations process, and the normalization of bilateral ties.

Brazilian General Licinio Nunez de Miranda Filho, the MOMEP coordinator, and MOMEP joint command members are expected to arrive within a few hours. In addition to the U.S. withdrawal, the MOMEP will also assess alternatives to replace the withdrawal of the U.S. logistical support. It is expected that during the meeting, the U.S. representative will explain the extent of the U.S. decision and whether this will be a full or partial withdrawal.

The MOMEP's consulting committee is comprised of Colonels Raul Antonio Sevillano (Argentina), Carlos Alberto da Silva (Brazil), Carlos Irigoyen Lafuente (Chile), and Gustavo Perez Poveda (United States).

Colonels Victor Julio Olivari, from Peru, and Jorge Luis Brito, from Ecuador, as well as Daniel Mora Zevallos and Cesar Duran Abad, the liaison officers for Peru and Ecuador, respectively, are also expected to attend the meeting.

It was reported that the Ecuadoran liaison officer will be arriving in Lima on 7 July.

Inter-American Affairs: Caricom Summit in Bridgetown Ends

PA0707131496 Madrid EFE in Spanish 0922 GMT 6 Jul 96

[By Elias Garcia]

[FBIS Translated Text] Bridgetown, 6 Jul (EFE) — The lack of concrete agreements is, once again, the tone at the meeting of Caribbean chiefs of state, and the 14 small countries that form the Caribbean Common Market (Caricom) have made no substantial advancements toward their integration.

For four days, from Wednesday to Saturday, the chiefs of government of these small nations — almost all English-speaking islands and former British colonies — attended the 17th Caricom annual assembly in Bridgetown, the capital city of Barbados.

The agenda for the meeting included miscellaneous issues as diverse as the role of civilian society, the possibility of organizing joint Caricom diplomatic missions in third countries, security issues, and the struggle against drugs.

However, the most important point was the establishment of a single market, an issue on which, Guyana President Cheddi Jagan commented pessimistically, "we remain at the same point" as no advancements have been made.

The English-speaking Caribbean region is divided into 14 small countries that amount to somewhat more than 6 million inhabitants — the population of any medium-sized European, Asian, or American city.

However, their leaders have not managed to organize a coherent common framework, despite the fact that they share not only a limited geographic sphere and similar political systems but have the same racial background — a mixture of black, white, Indian, and a few touches of Chinese — a common history, matching agriculture production and industrial capacity, and a standard of living that is basically equal.

Evidently, there are exceptions to almost all the factors previously mentioned, but even so, the English-speaking Caribbean is really one nation.

Their leaders, however, do not act as such and only adopt joint positions when they are threatened from abroad, as in the case of sugar and bananas, the two traditional products of the area, which are currently being threatened.

On this issue, the Caribbean nations have formed a monolithic bloc that negotiates with Europe for an extension of the tariff benefits granted to their banana

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and sugar exports, which have been interdicted by the United States, and also warns the latter country that it should measure its actions. They say: It has closed its market to our bananas, so allow us the European market. If that door is closed to us, our farmers could start to grow marijuana to survive, and a wave of refugees could arise.

In addition to their position on the concrete topic of bananas, the truth is that Caricom is not only not advancing to full integration, but it is also not even working toward partial objectives, such as the creation of a sole interregional market, free circulation of people, a common external tariff... without mentioning more complicated issues such as a single currency.

Inter-American Affairs: C.A. Governability Agenda Set

PA0507194496 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 3 Jul 96

[Report by Maria Lourdes Osorio from the "National Newscast"]

[FBIS Translated Text] Delegates from the civilian and political sectors of Central America are taking the initial steps toward achieving a minimum regional agenda [agenda minima regional] that will allow Central America's participation in worldwide economic development. This agenda is a means of communication to exchange experiences between regional countries.

For two days, the regional delegates have participated in a workshop to formulate a Central American agenda of democratic governability. In the UN sponsored event, the need to regulate Central American integration was analyzed:

[Begin Nicaraguan Foreign Minister Ernesto Leal recording] We have discussed the issue of poverty, which makes governability more difficult. We have discussed the participation of civilian society and the role civilian society should play in a new, participative—not just representative—democracy. We have virtually broached all topics such as the economy and how it affects governability, ethnic minority participation, and the role of women and youth. [end recording]

The Central American minimum agenda includes 50 topics on the region's economic and social interests, which has became the Managua Club [Club de Managua]:

[Begin recording] [UN Representative Francesco Vincenti] This initiative is one that was started here by a group of citizens, personalities, and power brokers, whatever they are called, from various countries of the region that have agreed to network and communicate with one another, thus creating this Central American network of democratic governability. It begins work by exchanging information and experiences.

[Guatemalan Representative Manuel Conde] I believe that what is most important is to have concluded with the creation of a Central American network of democratic governability, which in this first meeting has integrated a representative group of Central Americans into a network that will link us together in speaking, exchanging ideas, and devising means that will permit us democratic governability. [end recording]

Inter-American Affairs: Bolivia's Mercosur Entry Viewed

PY0407224896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 3 Jul 96 p 19

[Article by Marlise Ilhesca]

[FBIS Translated Text] Caracas — The recent agreement between Bolivia and Mercosur [Common Market of the South] whereby in less than three months Bolivia will join the group, has further divided the fragile Andean Pact (made up of Venezuela, Colombia, Bolivia, Ecuador, and Peru).

The foreign trade ministers of the Andean region met yesterday in Caracas and, despite their diplomatic negotiations, they did not manage to conceal the great differences of opinion on the pace of the talks to associate the two main blocs of the South American region.

"The negotiations with Mercosur is not the subject. The talks so far are focused on historical patrimony," said Colombian Foreign Trade Minister Morris Half, in reference to the existing binational preferences among the countries that make up the two blocs and which should be redesigned by the end of the year to form a customs union with Mercosur.

Morris Half's position is in keeping with the signals issued by Colombia which is the Andean country that most resists the separate negotiations with Mercosur. A few days ago, another Colombian Government representative, the urban development minister, attempted to move some Venezuelan businessmen who fear the competition of the Mercosur industries. He said that the feelings of those businessmen are in keeping with the "legitimate Colombian desire to preserve the commitments among the Andean partners." With the same attitude, Ecuadoran Foreign Trade Minister Jose Vicente Maldonado, who presided over the meeting in Caracas, stressed that, despite the political will of the Andean partners to ally themselves with Mercosur, the important thing is "that it be carried out in harmony, without

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harming the Cartagena agreement," which created the Andean Pact. It was not by chance that he stressed the Andean countries' eventual interest to create a free trade zone with Mercosur.

The position of Colombia is a contrast with that of Venezuela, which is the leading economy of the Andean bloc. Venezuelan Development Minister Freddy Rojas Parra confirmed the intention of complying with what was announced by President Rafael Caldera during his recent visit to Brazil: to conclude a free trade negotiation process between Venezuela and Mercosur by next November.

Evidently the target of scolding by its Andean partners, the representative of Bolivia, which is holding separate negotiations with Mercosur, spoke to JORNAL DO BRASIL about the Colombian position and said that "there may be different political timing, but deep down everyone wants to reach the same place."

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Cuba

Cuba: U.S. Blamed for Consequences of New Flotilla

PA0507153096 Havana Radio Havana Cuba in Spanish 1300 GMT 5 Jul 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuba has blamed the United States for the consequences that could result from the plans by the counterrevolutionary Democracy Movement, headquartered in Miami, to violate Cuban airspace and territorial waters on 13 July through a new flotilla.

At a news conference in Havana, Foreign Ministry Spokesman Miguel Alfonso has said Cuba has forewarned U.S. authorities and the International Civil Aviation Organization about that possible action. He has said there also is a letter to the United Nations in which Cuba asks that pertinent measures be taken to prevent this new aggression against Cuba.

On repeated occasions, the Cuban Government has reported the violations of its airspace and territorial waters by planes and boats coming from the United States, actions which have led to incidents as serious as the one that occurred on 24 February.

Cuba: Dissident Groups Said 'Faithful, U.S. Servants'

PA0507154696 Havana PRENSA LATINA in Spanish 1313 GMT 5 Jul 96

[FBIS Translated Text] Havana, 5 Jul (PL) — According to a report published in today's GRANMA, the U.S. Government, as with the stroke of a pen, has crossed out the independently-acting appearance of the small, Cuban "dissident" groups by acknowledging that these are faithful, U.S. servants operating in this capital city.

In its report entitled "The Uncovered 'Independents,'" this daily mentions a recent speech given by Michael Ranneberger, head of the U.S. State Department's Cuban Affairs Bureau [name and title as received], who has admitted Washington's political tutelage and financial support of the small groups operating on this island with an annexationist leaning.

According to GRANMA, during his speech at the U.S. House of Representatives last 27 June, Ranneberger clearly stated that "the so-called dissidents are merely hired puppets." In addition, he disclosed the White House's resolve to allocate an additional $500,000 to finance the operations of these groups.

"The Uncovered..." has underscored that this U.S. politician's statements were made in the midst of a setting that was monopolized by anti-Cuban Revolution figures, such as extreme rightists Dan Burton, Robert Torricelli, Robert Menendez, Lincoln Diaz-Balart, and Ileana Ros-Lehtinen. It states further that "the show that was displayed" a few days ago "is part of a much broader trick that was devised in Miami." This trick was motivated primarily by the fear of the Miami-based Cuban-American National Foundation that the large, worldwide opposition to the Helms-Burton law might have an influence on the implementation of this law's third chapter.

U.S. President William Clinton on 15 July should take a position on the enforcement of this law's third paragraph [as received], the objective of which is to intensify the blockade Washington has imposed against Havana for more than three decades.

This chapter makes it possible for U.S. citizens or Cubans who have become U.S. nationals to claim their former properties in Cuba. Those properties were expropriated after the victory of the Cuban Revolution in 1959.

Cuba: U.S. Reaction to Report of 'Incursion' Denounced

PA0607035296 Havana PRENSA LATINA in Spanish 2338 GMT 5 Jul 96

[FBIS Translated Text] United Nations, 5 Jul (PL) — Cuba has rejected the statements by U.S. Secretary of Transportation Federico Pena on the incident involving a U.S. Government plane on 25 June and called them untrue and unacceptable.

In a letter sent today from New York to Assad Kotaite, president of the International Civil Aviation Organization (ICAO) Council, Cuban parliament President Ricardo Alarcon stated that with their remarks, U.S. authorities are outrightly acknowledging noncompliance with their obligations.

On 2 July, Alarcon, who led the Cuban delegation at the ICAO Council meetings on 26 and 27 June, sent a letter to Kotaite informing him about the incursion of a U.S. Government aircraft into the Flight Information Region (FIR) of Havana.

The letter said that only after the Cuban Air Control Center asked Miami authorities, did the origin of the aircraft became known. The presence of this plane forced two Miami-bound passenger planes, an American Airlines plane and a Salvadoran aircraft, to be rerouted.

The aforementioned letter described six similar incidents from January to June of this year, four of which endangered American Airlines flights, and requested the adoption of appropriate measures to prevent these serious risks.

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Consequently, it stressed, the irresponsible and superficial reaction of Washington authorities in the face of this denunciation is worrisome, because while on 3 July the U.S. State Department spokesman termed it as laughable, that same day, Mr. Pena asserted he did not have information in this regard.

Alarcon considered these remarks as acknowledging noncompliance with the Chicago Agreement obligations and "a scandalous lack of respect for the safety of hundreds of passengers, most of whom are U.S. citizens, whose lives were put in danger."

He added that the first action of Cuban authorities on 25 June was to inform U.S. authorities, so he wondered if it is possible to believe that one week later, Mr. Pena did not know about the incident and did not know about the note received by the administrator of the Federal Aviation Administration.

In order to refresh the memory of the secretary of transportation, Alarcon recalled three previous incidents, two in February and one in April, when American Airlines planes encountered on their route and came dangerously close to U.S. Government aircraft operating in that same region.

The letter indicates that these flights within Havana's FIR were made without authorization and coordination, in open violation of ICAO norms and procedures. Meanwhile, other incidents adversely affecting other commercial aircraft those three days were registered, all of which were reported by Cuba.

"If the U.S. secretary of transportation is not informed in a timely manner by his subordinates, if he is not concerned about the lives of his own fellow citizens, and if both of these things are laughable for the U.S. State Department spokesman, they should be held accountable for these things before their own people," Alarcon remarked.

The Cuban parliament president added that this conduct can pose serious problems to the safety of international civil aviation and can cause incidents that the ICAO must prevent. Therefore, he reiterated the need to end the violations of the agreement referred to in his two letters.

Alarcon enclosed the letter from the vice president of the Cuban Civil Aeronautics Institute to the U.S. Federal Aviation Administration on the details of the 25 June incident and asked Kotaite to circulate both documents to all members of the ICAO Council.

Cuba: Alarcon Interviewed on ICAO Report

PA0607042196 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Jul 96

["Exclusive" interview with Ricardo Alarcon, president of the Cuban National Assembly of the People's Government, by Laura Jakovsky, at Radio United Nations studio, in New York City; from the "Evening Information Review" newscast; date not given — recorded]

[FBIS Translated Text] [Jakovsky] Ricardo Alarcon, president of Cuba's National Assembly is with us today at this Radio United Nations studio. Welcome to our program, Mr. Alarcon.

The International Civil Aviation Organization [ICAO] has concluded its report on the downing of two planes in February and has sent it to the UN Security Council, but, apparently, the Security Council will not have the report translated in the five official languages until 17 July. What will happen in the meantime?

[Alarcon] In the meantime, I will return to Cuba tomorrow since it is evident that although in February the Security Council had decided to discuss without delay the report to be issued by the ICAO, now it is evident it will wait one month after the drafting of the report, before it meets.

So we will have to wait. I hope the Security Council finds it impossible to accept what the United States apparently will demand from it: to do what the ICAO Council did not do. As some U.S. spokesmen have said, the United States will repeat here the endeavor it unsuccessfully tried in Montreal. I trust the result will be the same.

[Jakovsky] The Security Council, which has to meet once it has the ICAO report, is now having this report translated into Chinese, as I understand it, and this is why the delay. The report has not been made public, and you did not react to it very positively, but you did react postively to a resolution. Could you explain this for me?

[Alarcon] Of course. The ICAO appointed a group of persons — ICAO officials and personnel hired by the ICAO — to carry out an investigation. This was not done by member states but by a group of persons. The ICAO received its report, discussed it, and decided to express its position, its recommendation, to use the exact word used by the president of the Council, through a resolution, a resolution that not only does not condemn Cuba but that does not even mention Cuba. The resolution reaffirms principles that everybody shares: the sovereignty of states, the non-use of force against civilian aircraft, the obligation of the states to keep

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airplanes registered as civilian aircraft from violating civil aviation rules, and, something very important for us, it opened the possibility for a new mechanism so that states that are victims of civil aviation violations may file claims before the ICAO before incidents occur, something that did not exist until 27 June. This is the position of the ICAO, as a specialized agency from which the UN Security Council had asked for an opinion.

The report that had been presented had an impressive amount of anomalies, beginning with the process that was used for its elaboration and consideration and ending with aspects of its contents. In parts of that report, since there are aspects of it I cannot question, in parts of that report some conclusions are arbitrarily reached. For example, it says that the downing took place in international waters. The report says this based on data from a Norwegian ship in international waters near Cuba, but then the report says that the investigators could not determine where the ship was.

The report admits that the United States never delivered any recording of the radio communications that Mrs. Albright said here, in February, that they had.

The report says that the North Americans allowed the commissioners to listen to a cassette the North Americans told them contained the recording of Cuban radio communications. The report says that the commissioners asked the North Americans to hand over the cassette. The report says the North Americans refused to hand over the cassette. The report says that when the commissioners listened to the cassettes they did it in the presence of two U.S. guards who never surrendered the cassette.

You can compare this with the original Cuban tape they have had since March, since March, while the guarded cassette occurrence transpired in June, and they matched the taped voices with the voices of the people involved. The report says, and this was verified by the ICAO Council and the investigators, that in the United States, the investigators only interviewed witnesses who were in one of the airplanes, that is, Mr. Basulto — the chief of the provocateurs — but did not interview the passengers of the ship or the crew of the ship, and they did not even look at one of the two ships they used as a means for locating the site of the incident.

[Jakovsky] Regarding the ICAO resolution, it condemns the use of weapons against civilian aircraft.

[Alarcon] We condemned that 20 years ago. In a few months, we will commemorate the only case of a destruction by force of a civilian airplane, a Cubana airplane.

[Jakovsky] This means you do not consider those planes civilian airplanes?

[Alarcon] This is a problem: to define what those airplanes were, what their mission was, what function they had.

[Jakovsky] What is your interpretation of the planes?

[Alarcon] From the point of view of functions, according to a document prepared by the ICAO Secretariat some years ago to try to clarify this somewhat philosophical question about what is and what is not a civilian airplane, planes are not to be defined by the plane's design, by its physical characterists, but by the mission they have and the functions they perform.

A civilian plane is one that transports passengers — people — mail, or cargo. An airplane is not an object for carrying out tasks of a propaganda, political, subversive, or criminal nature. What kind of planes does the United States down every day south of the Rio Grande, throughout South America, as part of a program to which they have allotted $120 million in the struggle against drug trafficking? Are they military planes? Are they bombers? They are planes with a civilian design, surely registered as civilian aircraft, but they are not fulfilling a civilian mission. They are violating laws. They are engaged in crime. The same happens when other types of crimes are committed.

[Jakovsky] But they are not armed.

[Alarcon] Who can tell?

Cuba: Robaina Views ICAO, Announces Chile, Paraguay Visit

PA0707142196 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Jul 96

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] At the celebrations for the 185th anniversary of Venezuela's independence, celebrated in Casa Simon Bolivar in Havana, we had the opportunity to briefly talk with Cuban Foreign Minister Roberto Robaina on various topics of current international interest, in connection with Cuba.

First, he addressed our country's new diplomatic battle at the International Civil Aviation Organization [ICAO] and at the UN Security Council following the 24 February incident.

[Begin recording] [Robaina] More than a new one, I would say it is the continuation of a battle that now has its phases. It had its antecedents, and we do not want this forgotten during this stage. All venues try to erase the

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antecedents that led us up to certain actions or certain responses Cuba had to make. I believe that at the ICAO, the road to truth opened. Perhaps it was not all the truth, as we would have liked, and not the response that we believed events merited. Nevertheless, the ICAO was a chapter that showed that more and more people are less willing — and the governments are less willing — to accept what the empire wants done.

My opinion is that the UN Security Council will hardly be able to disregard what the ICAO has done. This is where one starts to notice certain trends. A tendency to stall is completely incongruous, which is what is now taking place. It greatly contrasts with the gigantic hurry that existed months ago. I believe this can only be explained by the fact that obviously those who sought it or those who somehow agreed to demand it, intended a different result. When this result was not obtained, they changed technique or strategy.

We do not have to avail ourselves of those methods. [Words indistinct] sooner or later, and we act with facts and with the truth. We have never worried whether it is earlier or later. Now we are the ones who want it to be much earlier than later. But in the long run we want and believe that justice will triumph. Even if justice were not to triumph, as far as the Cubans are concerned it will always triumph, because we are absolutely convinced that we acted for our sovereignty, and this is the sovereignty that we are unwilling to place in danger.

[Betancourt] It so happens that right now the Cuban diplomatic battle is in different venues, Minister, and sometimes this is not carried out by Cuba, but instead by the world, such as the Helms-Burton law.

[Robaina] I would say that this is also a new stage — a new stage that I am glad about, because I always insist that a diplomatic battle cannot be developed in one ministry or in one country. In my opinion, today at the ICAO, the UN Security Council, Helms-Burton, and even this campaign for children's toys, is a gigantic battle. A simple act of delivering toys becomes an act of solidarity with Cuba, becomes an act in condemnation of the Helms-Burton law, and of many things.

This is accomplished with many friends, many governments, regardless of ideological affiliation. Because one does not act in solidarity either with a system or a country; one acts with solidarity with the truth, with ones' own voice, and with dignity.

In my opinion this is the support that Cuba has found more and more often, and this is the support that has been helped by the aggressive and brutal language of the Americans.

In some ways we will have to tell those who have been so brutal with us thank you, because the world understands us better.

[Betancourt] It has also been said in Congress that Clinton on 15 July is to ratify Chapter 3 of the Helms-Burton law. In fact, there was a meeting a few days ago with [Florida Representative Ileana] Ros-Lehtinen, [words indistinct] a public audience in the U.S. Congress. What is your opinion?

[Robaina] There are public audiences, there are public pressures, and public hysteria. I believe there are hysteria sessions. In the long run, the Republican extreme right and the Cuban-American extreme right are having a tough time assimilating and understanding that the world listens to Cuba and the world is demanding a different path for Cuba. In my opinion, each phase, such as the ICAO's, or each phase that apparently presents either a Cuban victory or a triumph of Cuban truth or reason, will always generate among those extreme right sectors a type of action with those characteristics.

Our strategy is not to allow ourselves to be provoked. We will not respond to every hysterical shriek. There are things that deserve not to be heard and others that do not deserve a response. We prefer to continue work; we never use threatening language and much less dedicate neurons to reply to things that make no sense with what happens in Cuba, and we can better invest time in working and winning.

[Betancourt] Will this work include the visit at the end of this month to Chile, Minister?

[Robaina] There is an invitation from the Chilean Foreign Ministry, which as you know is in response to invitation and the official visit by Foreign Minister Jose Miguel Insulza a few months ago. We have not made any official visit to Chile. An unofficial visit was made to Chile at that time, but we had no relations then. But now Chile insists that we pay an official visit, which also includes the official visit that Paraguay has requested for the first time. These are two countries with which we had no relations. This now means a work stage.

I believe it is important that Cuba not waste the opportunity to be able to explain our truth in those countries.

[Betancourt] Many thanks. [end recording]

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Cuba: Vietnamese Leader Receives Politburo Member Balaguer

PA0407131796 Havana Cubavision Network in Spanish 0000 GMT 3 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Do Muoi, secretary general of the Communist Party of Vietnam, this Tuesday received Jose Ramon Balaguer, member of the Communist Party of Cuba's Politburo.

During the meeting, Do Moi said that Cuba and Vietnam, united as brothers, will stand firm in the common struggle for sovereignty, independence, and socialism. He added that power has cost the two parties much blood and that losing this power would be equivalent to betraying the people.

In turn, Balaguer told the Vietnamese leader about Cuba's determination to continue to embrace the cause of socialism. Balaguer referred to Vietnam's support and pointed out that Cuba feels sure of the course it has taken and that the Vietnamese people's struggle encourages Cuba in that course.

Cuba: Politburo Member Balaguer, Delegation Visit Laos

PA0607195296 Havana Tele Rebelde and Cubavision networks in Spanish 0000 GMT 4 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] As part of the exchange to strengthen relations between the Communist Party of Cuba [PCC] and the Laos People's Revolutionary Party, Jose Ramon Balaguer and Thongsing Thammavong, both Politburo members of their respective organizations, met in Vientiane to discuss the situation of their two countries and the work of the two institutions as leaders of society.

The Cuban delegation is comprised by Jose Luis Robaina, of the International Relations Department of the PCC Central Committee, and Ambassador to Laos Ricardo Danza.

Cuba: Chilean Minister Arrives for Visit, Cited on NAFTA

PA0807005096 Mexico City NOTIMEX in Spanish 2340 GMT 6 Jul 96

[FBIS Translated Text] Havana, 6 Jul (NOTIMEX) — Chilean Planning and Cooperation Minister Luis Maira reiterated here today his country will refrain from joining NAFTA without a fast track [previous two words in English] agreement.

He said that NAFTA is a matter of interest for Chile but that without a fast track, negotiations to join it would be "extremely chaotic and complex" and, therefore, his country will wait for the conclusion of the current U.S. electoral process.

Upon his arrival in Havana on 6 July, Maira told NOTIMEX he will take advantage of his four-day, official visit to the island to analyze with Cuban authorities the progress of cooperation agreements prior to his trip to San Jose, Costa Rica. In the Central American country, the Chilean planning minister will join the delegation led by President Eduardo Frei who will participate in a meeting with his Central American counterparts to examine the bases for a possible free trade agreement.

"Taking advantage of the fact that I have to work with President Frei in Costa Rica next week, we have wanted to establish this formal contact with the Cuban Foreign Relations, Foreign Investment, and Economy and Planning Ministries," he explained.

"There is much interest in establishing a gradual program of cooperation with Central America and the Caribbean, where Cuba is an important center," Maira said. He also criticized the U.S. Helms-Burton law because "it violates international law provisions."

The Chilean minister, who is visiting at the invitation of Cuban Economy and Planning Minister Jose Luis Rodriguez, said he will explore here the progress of economic relations since the reestablishment of diplomatic ties a year ago.

"We have come with the idea of looking into possible agreements. In fact, there are many things already working in various sectors," he said.

Maira, accompanied by Enrique Soler, director of the Chilean International Cooperation Agency, will meet with Vice President Carlos Lage, Foreign Minister Roberto Robaina, and Foreign Investment Minister Ibrahim Ferradaz on 8 July.

Cuba: 2,438 Rafters Said Repatriated Since Sep 1994

PA0507202996 Havana PRENSA LATINA in Spanish 1300 GMT 4 Jul 96

[FBIS Translated Text] Havana, 4 Jul (PL) — The official newspaper GRANMA today reported that 2,438 rafters were repatriated to Cuba from September 1994 to 27 June 1996 by virtue of the immigration agreements signed with the United States, the Bahamas, Grand Cayman, and Jamaica.

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In the summer of 1994, thousands of people abandoned the island on board rudimentary rafts, most of them heading north, encouraged by the encouraging policy of U.S. authorities, according to local observers.

In May 1995, Havana and Washington signed an immigration agreement whereby the United States vowed to repatriate the rafters while Cuba promised to fight illegal departures from the country.

Cuba signed similar agreements with its neighbors of the Caribbean Sea: the Bahamas, Jamaica, and Grand Cayman Islands. It was learned recently, however, that U.S. Coast Guard ships returned the majority of the illegal aliens after intercepting them on the high seas.

GRANMA noted that the repatriates, following medical checkups and other pertinent paperwork, can be reincorporated into Cuban society under normal conditions.

Cuba: Program Discusses Summer, Olympics Programming

PA0507201396 Havana Cubavision Network in Spanish 0200 GMT 3 Jul 96

["Open Agenda" program on 3 July hosted by Antonio Resillez with guests Enrique Roman, president of the Cuban Institute of Radio and Television (ICRT), and Danilo Rubio, vice president of the ICRT; discussion of the "special, summer programming" which began on 1 July and which will last through 1 September; in Havana — recorded]

[FBIS Summary] Roman begins by saying that the Olympic games in Atlanta will be the main target and that additional airing time will be given to cover this international event, which will take up about 1,330 hours, 130 hours more than 1995. Normal hours covered in two months are about 880 hours plus. Roman adds that 140 films will be aired this summer. Tele Rebelde Network has been designated the Olympic channel. Roman says there are only two television channels compared to countless radio stations.

Resillez insists on the need to communicate with "the companeros of the National Electrical Union" to learn of what electricity generation is expected to be during the summer.

Danilo Rubio says these Olympic broadcasts will begin on 20 July. Resillez says that both television channels previously broadcast sports events but that this was not favored by all people, and he asks Rubio what will be done this time. Rubio says both channels will be used for sporting events only when two important events take place simultaneously.

Broad audience programming, such as soap operas, will be respected as much as possible. Romar says there are no time differences between Atlanta and Cuba; therefore, programming will be live and will begin at 0900. Rubio says about 70 percent of the Olympics will be covered live, and the remaining 30 percent will be recorded in Atlanta, relayed to Havana overnight, and broadcast first thing the following morning.

In response to specific sporting events, Rubio says that as far as baseball is concerned, the only two final games that will not be aired live will be Cuba versus Australia and Cuba versus Italy. In response to radio programming, Roman says that much flexibility will be the norm and that Radio Rebelde Network will be assigned this task exclusively with more than 16 hours of broadcasts per day. Roman adds that Radio Havana Cuba will carry certain Olympic coverage. Resillez asks Rubio whether there will be radio and television reportage on game results. Rubio says there will be daily summaries from Atlanta at noon and 2300.

Resillez says he has just been told that Ricardo Gonzalez, director of the National Electric Union, is on the telephone speaking from the National Load Dispatch Center, which operates around the clock. Gonzalez says that everything possible will be done to guarantee continued service despite high summer consumption and that scheduled maintenance will be "reduced to a minimum" during television airing time.

Responding to a question about costs, Roman says that he does not like to discuss this issue but that these broadcasts cost more every day, and he explains certain free access to games. Roman says that there will be sponsors but that these do not cover all costs, although they do offer "a substantial relief."

Cuba: Official Endorses R. Castro's Reporting Guidelines

PA0407224496 Havana Radio Rebelde Network in Spanish 1155 GMT 1 Jul 96

[Telephone discussion between announcer Felix Fernando Garrido; correspondent Mireya Ojeda; and Manuel Menendez Castellanos, Cuban Communist Party first secretary in Cienfuegos Province; Garrido is in the Havana studios; Ojeda and Menendez are in Cienfuegos; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [Garrido] Three radio stations are marking their annniversaries today: Radio Reloj turns 49; CNKC Radio Revolucion, in Santiago de Cuba, turns 63; and Radio Ciudad del Mar, the pearl of the south, turns 60.

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Mireya Ojeda is on the line from the Radio Ciudad del Mar studios, in Cienfuegos.

[Ojeda] Thank you, Garrido. Good morning again. Cienfuegos is celebrating Radio Ciudad del Mar's 60th anniversary. Manuel Menendez Castellanos, Cuban Communist Party first secretary in Cienfuegos Province, is here, at the new Radio Palace in Cienfuegos, to talk about the guidelines that Raul Castro recently set.

[Menendez] How are you, Garrido?

[Garrido] Good morning, Manuel. How are you?

[Menendez] Very well, thank you. Good morning to you and all of our comrades.

[Garrido] Thanks. Same to you.

[Menendez] I am speaking to you from the Radio Ciudad del Mar studios, in Cienfuegos.

[Garrido] A beautiful radio station.

[Menendez] Building this facility proved a labor of love for all Cienfuegos residents. Those who know this facility know that it is a quality facility. I have come on the station's 60th anniversary to congratulate our comrades on the quality of their work and efforts. The people of Cienfuegos and myself are particularly proud of the fact that this radio station has been broadcasting news to the people of Cienfuegos for 60 years. Mireya was telling me about the meeting in Holguin...

[Garrido, interrupting] Yes...

[Menendez, interrupting] ...that you attended. Revolutionary Armed Forces Minister Raul Castro's presentation left quite an impression. He has set guidelines on how the media should face the situation ahead of us and how to do its work. I have these guidelines on my desk; I received the transcript. These are the main guidelines that the media should follow when reporting the news at this point in time.

[Garrido] That goes without saying, Manuel. The Union of Cuban Journalists is doing the same right now; that is, we have incorporated Raul's guidelines into our daily work. Our times call for a comprehensive, complete, and profound approach to journalism, one that provokes thought, criticism, and timely acknowledgement. We advocate efficiency every minute that we spend acknowledging or criticizing the work of our groups. This represents our own efficiency, too. This is the key to efficient journalism...

[Menendez, interrupting] That is true.

[Garrido] Yes.

[Menendez] I would like to take this opportunity to congratulate our brothers in Holguin on being picked to host the main ceremony on 26 July. The honor is well deserved. I would also like to greet Sancti Spiritus residents.

[Garrido] Of course.

[Menendez] They have worked very hard for very substantial results. We are very pleased with all of it.

[Garrido] Manuel, thank you, for speaking with us. Once again, I want to express warm feelings for our comrades at beautiful Radio Ciudad del Mar. Best wishes on your work in the future! Thank you and thanks to Mireya.

[Menendez] Thanks and greetings.

Cuba: Discussion Views UBPC's in Sugarcane Industry

PA0607165896 Havana Radio Rebelde Network in Spanish 1730 GMT 3 Jul 96

["Straight Talk" program with journalist Julio Garcia Luis, of the newspaper TRABAJADORES and president of the Union of Cuban Journalists, and program host Renato Recio]

[FBIS Translated Text] [Recio] This is "Straight Talk" here at Radio Rebelde today with Julio Garcia Luis, of the newspaper TRABAJADORES, who will talk to us about a very important and current issue: the external problems affecting the development of the UBPC's [Basic Cooperative Production Units] in the sugarcane industry.

[Garcia] I have just visited Las Tunas where the last battle of the sugarcane harvest is being waged. During this visit, I had the opportunity to visit several sugarcane UBPC's. I had the opportunity to become more familiarized with the problems and situations taking place there. This visit has helped me to confirm something I already had very clear in my mind. When this revolutionary step of creating the UBPC's was taken, didn't we already have the conditions for the progress we are beginning to achieve in this harvest? I also believe one of the key factors—I believe it can be said here—for the sugarcane recovery the country is experiencing is the shift toward the UBPC's.

[Recio] I want to interrupt you at this point, because we normally consider the progress made in sugarcane production separately, but there is never any talk about the significance of the creation of the UBPC's in better utilizing financial resources. The losses the sugarcane sector experienced before the creation of the UBPC's were very high, in the millions, and these UBPC's have reduced these losses.

[Garcia] I think you said it correctly. It can be seen everywhere that there has been a large increase in

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sugarcane production. In certain cases, the production that existed at the time the UBPC's started has tripled; in other cases, production has doubled, but we have always experienced significant growth, and what you are saying is very true. This has been accomplished without squandering resources, as it was done in the past. In other words, a great advancement in production has been achieved but, rather, with economic austerity and severity; this has been accomplished under more sustainable conditions, so to speak.

[Recio] You are saying, however, that there are still some problems that do not allow us to develop these UBPC's to their fullest?

[Garcia] Yes. It can be seen.... [pauses] One can see there are still a number of obstacles in front of the UBPC's, and I am calling them obstacles because you know there was much discussion at some point on whether the problem of the UBPC's was the problem of autonomy, and from what I have seen in these visits and in the conversations with UBPC workers and leaders, I have realized that the problem is not so much as autonomy, as a magic wand to make the UBPC's more efficient, but, rather, the elimination of a number of obstacles affecting these economic bodies.

[Recio] What obstacles? Give me some examples.

[Garcia] For example, the costs or prices of services or certain services these UBPC's receive. For instance, we visited a UBPC in Vasquez recently. There, UBPC members were telling us they, in order to put a stamp worth a few pennies on a cylinder of a hydraulic engine of a combine, must pay for the entire cylinder, 35 pesos, and they do not get anything for the spare part they are giving.

[Recio] You are citing a very clear case and an abnormal and unfair situation in economic terms, but there has been talk about that for some time, and one can notice that there is certain slowness in resolving these problems.

[Garcia] The Minaz [Ministry of Sugar Industry] has now announced that sugar producing enterprises will correct these prices as well as excessive burdens on the UBPC's. Indeed, what the country wants is for the UBPC's to become profitable, not for an intermediate company to become profitable at the expense of the UBPC's.

[Recio] And not only profitable; it will become extremely profitable with such prices.

[Garcia] Of course.

[Recio] Or it will be able to cover enormous deficiencies in other areas with such prices.

[Garcia] Of course, there is a key problem here. Also in these visits, I have seen problems that the system of economic, financial, and commercial relations of the UBPC's has not been perfected yet. Sometimes, for instance, the machines that are going to be repaired and upgraded at the Holguin Plant are withdrawn from the UBPC facilities, and they are not paid anything for this chassis or things they are giving. The engines are sometimes withdrawn because they are going to be changed, and they are not paid anything for these engines, when they have amortized and paid for all these assets. These were assets they received at the time the UBPC's were created and for which they have paid.

[Recio] And who defends the rights of these UBPC workers?

[Garcia] I believe the entire country must defend the rights of these workers, but I believe the UBPC union must play an important role. I believe that one of the duties of the UBPC union must be to defend the legitimate rights of the UBPC's in the face of any action of this kind.

[Recio] That would demonstrate.... [pauses] I remember it was discussed once whether the union had a reason to exist within an institution without salaried workers, where there are no state administrators. This enterprise is run by a democratically elected board, and many people have questioned the existence of the unions, and here you are seeing....

[Garcia, interrupting] I believe the union has every reason to exist, because this is a cooperative consisting of workers, and all its roots are in the working class. The union is legitimately installed and has much to do in representing workers, the interests of the UBPC's, and in the defense of the UBPC's in the face of any type of action such as this.

[Recio] You have mentioned two examples of external obstacles that harm the economy of the UBPC's. They even affect the working morale of a contingent of workers. Can you give me other examples?

[Garcia] Yes. There has been talk in these days about the loan of information on the UBPC's. In other instances, there has been talk that relations with banks force them to make frequent trips; this takes much time. In other words, I get the impression that bureaucracy, without trying to put it down, still imposes its methods, conveniences, style on people who are working on the front line of production for the country.

[Recio] Therefore, it can be inferred that specific vices from the previous structure have remained in place....

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[Garcia, interrupting] Some sort of one-sided agreement. In other words, I sell to you a repaired engine, but the engine does not have a warranty. Then, 30 or 40 hours after that engine begins working, it breaks and the UBPC is simply not compensated for that.

[Recio] You mentioned the word autonomy a short while ago, saying many people believe the sugar industry UBPC's are lacking autonomy, but I believe this word, concept can be questioned. Some people believe autonomy is free will, is allowing each person to do as he pleases.

[Garcia] I believe this so-called autonomy has been somewhat idealized, because—you and I have both read about it—it has been portrayed occasionally as a precondition for the UBPC's to be successful. True, the administrative autonomy of the UBPC's is one of the foundations of their success, but in the case of the sugar industry UBPC's, it is clear that this is a crop of national interest that is subject to a national policy, that responds to a sugar complex that must have a strategy.

[Recio] Which in the end is its purchaser.

[Garcia] Which is its purchaser. That sugar complex is, in turn, located in a province and a country that also has its strategies. Undoubtedly, there must be a direction over the UBPC's, and they must feel that part of that process.... [pauses] that they cannot be consumed within their own borders.

[Recio] What happens is that the more this direction is based on economic principles the better, and the less it is based on administrative principles, order, and command the better. The less it is based on the latter the better.

[Garcia] Of course. I agree with you, but what happens sometimes? The problem is not whether the UBPC has the autonomy to do this or that; the problem is that its interests should be defended and protected. For instance, the sugar mill sometimes requires or is obligated to grind specific varieties of sugarcane, such as spring sugarcane. The UBPC may leave this for the next harvest and grind it with a yield 60 or 70 percent higher. This sugarcane must be ground, but we must compensate the UBPC economically, because it has been adversely affected. We must not disregard the economic interest and adhere to the strategy followed by the sugar complex, the province, or the country.

[Recio] That is clear; otherwise, let us think what would be of the sugarcane sector if each cell of the large world of hundreds of thousands of caballerias of sugarcane, each unit decides when to plant, what variety to plant, when to cut, what not to cut. It would simply be c...os and disaster; that is clear.

[Garcia] Correct. The autonomy must be with the administration and must be with the UBPC's ability to act based on economic principles and the defense of its interests. Let me give you another example. I believe one of the most important things has been the decentralization of machinery. That enormous mobilization to Las Tunas and Holguin, to a great extent, has been an example of order and care, and what has guaranteed that? That the UBPC machines ha.e been mobilized there, with their operators, service systems, mechanics.

[Recio] Nevertheless, we often hear that the people in the sugarcane agriculture are still discussing what is most convenient, whether to centralize the machinery at the CAI [Industrial Automation Center] level or leave each UBPC to have its machine to cut and its tractor to cultivate, plow, and break the ground; this issue is one that has not been decided yet.

[Garcia] I know there are various views on this matter. I believe the decentralization of machinery in the UBPC is one of the greatest advantages of the UBPC, for the care of that machinery, service, the prolongation of its useful life; we are seeing this. There, with two or three mechanics, they are sometimes able to have in operation equipment that would otherwise be discarded. This equipment is working today. If this mobilization to the northern part of Holguin and Las Tunas Provinces had been made for large enterprises, we would still be moving machinery, but this mobilization has been characterized by order, care. The machines that have gone there have gone, cut, and returned in optimum conditions to their places of origin.

Cuba: Official Comments on UBPC, Storage Enterprise Suit

PA0607201296 Havana Radio Rebelde Network in Spanish 1155 GMT 5 Jul 96

[Report by Madia Salome Camponeoni from the "Doing Radio" newscast]

[FBIS Translated Text] [Salome] We are in touch with the Supreme Court and, specifically, with Elpidio Toro Suarez, president of the court that rules on suits that are economic in nature. He will comment on the suit involving the Armando Milian Basic Cooperative Production Unit [UBPC] and Villaclara's storage enterprise.

We would like for you to give us details about this case, which "Doing Radio" has been following.

[Toro Suarez] As for reports on the suit involving the Armando Milian Basic UBPC and the Villaclara Municipal Storage Union, we could say this case is closed. We ruled on it 28 June. What is pending is

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that the two parties should come to the courtroom to be informed of the ruling.

We cannot give details yet, because this procedural part has not been completed. As for reports, I can tell you the Armando Milian UBPC case is not the only one. There are three other cases on the same matter at the Supreme Court, and those three cases also are closed.

I am giving you this additional information so your newscast may have more complete information.

Cuba: Vice Minister Comments on Drafting of Drug Bill

PA0707123296 Havana Radio Havana Cuba in Spanish 0000 GMT 5 Jul 96

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] [Betancourt] During the course of the third meeting of the Cuban-Venezuelan Joint Commission on Drugs, First Vice Justice Minister Dr. Zenaida Osorio has indicated that a bill on drugs is being drafted:

[Begin recording] [Osorio] We are studying legislation from other countries. Our penal code has always been severe on this matter, but we will try to strengthen it because this is an evil that we must prevent from coming into our country by any means.

[Betancourt] Who is in charge of the bill? Is it a commission? Are there several bodies working together? Or is it just you?

[Osorio] The National Drug Committee [Comision Nacional de Drogas] and all the organizations that constitute this committee. We will also ask for cooperation in the drafting of the bill from any other organization related to this matter.

Of course, when we speak about a bill on drugs we must also speak about drug-related crimes such as money laundering. The National Bank of Cuba is already working seriously with the committee. Other institutions with interest in this bill are coming to work with us. There is a group of experts drafting the bill on drugs. [end recording]

[Betancourt] This bill would complement all Cuban efforts not only to stop drug trafficking throughout its territory, but to ensure that consumption does not become a social and health problem as is the case in other countries in the region.

Island authorities are determined to carry out a much more active preventive effort to face a minimal number of drug trafficking cases registered during the past year. The depenalization of the possession of the dollar and other currencies has prompted some persons to keep packages washed ashore in Cuba and to try to sell them, mainly to tourists visiting the island.

Similarly, Cuba will direct its efforts to ensure that the opening of its economy to foreign capital will not become an avenue for drug-trafficking money to enter the country. This is another issue on which bilateral and multinational cooperation is vital.

Cuba: Minister Signs Antidrug Agreement With Venezuela

PA0707132596 Havana PRENSA LATINA in Spanish 1753 GMT 5 Jul 96

[FBIS Translated Text] Havana, 5 Jul (PL) — Cuba and Venezuela signed today a document containing cooperation plans between the two countries in the fight against drug trafficking.

Cuban Justice Minister Carlos Amat and Guillermo Romero, chief of the National Commission Against Illegal Drug Use, signed the document that includes the exchange of experts and information as well as personnel training.

Amat said this marked the beginning of a new phase of coordinated work between the two countries against the scourge of drug trafficking, and he confirmed that the Venezuelan delegation's visit to Cuba opens the possibility of adopting tangible and efficient actions.

Romero thanked the Cuban Government for its cooperation during his stay on the island, and he pointed out that the two nations are determined to promote a univeral struggle against drugs.

Cuban Foreign Minister Roberto Robaina; Abel Prieto, president of the National Union of Cuban Writers and Artists; and Venezuelan Youth Minister Pilar Irribarren also attended the ceremony to mark Venezuelan independence day.

Others in attendance included Ibrahim Ferradaz, minister of foreign investment and economic cooperation; Minister of Science and Technology Rosa Elena Simeon; and Manuel Pineiro, member of the Central Committee of the Communist Party of Cuba.

Cuba: Customs Tariffs Overhauled 1 Jul

PA0407195396 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] Customs tariffs were overhauled nationwide today, in keeping with joint resolution

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number five of the Foreign Trade and Finance and Prices Ministries. The new tariffs will be classified: the lowest tariffs will be applied to raw materials; the highest tariffs will be applied to certain finished products and articles such as beer, perfume, and cosmetics. Specialists believe that this overhaul will favor national industry and that it is in accordance with changes worldwide regarding tariffs.

Cuba: Party's 'Ideological Offensive' on Havana Noted

PA0407195596 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] Esteban Lazo, Cuban Communist Party first secretary in Havana City Province, confirms in an interview recently published in TRIBUNA magazine that the Party is conducting an all-out ideological offensive on Havana. Lazo said that the Party wants to: defend national values, heighten public consciousness, preserve revolutionary purity, and increase production and services. Lazo said that, in addition to the fight against crime and corruption, economic recovery is essential to easing human misery and winning the battle. He pointed out that Party men and women must demonstrate leadership where they live and work, adding that this grass-roots leadership must become more visible and improve every day. Lazo said that the Party must focus on direct contact with the people and their concerns and on timely discussion of problems.

Cuba: Police Actions Against Criminal Activities Noted

PA0507191696 Havana Radio Rebelde Network in Spanish 1155 GMT 3 Jul 96

[From the "Doing Radio" newscast]

[FBIS Translated Text] This segment is dedicated to police actions in our country, Havana City in particular. As usual, Major Angel Diaz is with us:

[Begin Diaz recording] The work the police have been carrying out to confront crime and criminal activities taking place in the country continues first against the rustling and slaughtering of cattle. I want to announce that specialized groups, the [word indistinct] and other forces have been battling this activity for the last few months. Even though this criminal activity continues, we can note that in Camaguey, for example, we have yielded positive results. In a very recent case, we also yielded positive results in the municipality of La Lisa just a few hours ago. Police forces arrested a man, along with his tools, who wanted to slaughter cattle in an area near that municipality; he is now were he should be.

As for other issues, there have been cases in which small groups in various areas of the capital, such as the municipalities of Diaz de Octubre and Arroyo Naranjo, have been stealing gas cans and regulators. The last case happened in La Lisa where a small gang [mini bandita] consisting of four individuals was arrested. We recovered nine gas cans and are actively battling this activity, which affects the people a great deal.

I would like to mention the case of those who sell tobacco illegally. Coordinated jointly with customs, several foreigners have been deported [se le aplicaron fronteras] from the Jose Marti International Airport, and confiscations were made. At the same time, in Pinar del Rio and in other regions of the country we have acted against individuals who were selling illegally and even fabricating this product, which is important to our country's economy. [end recording]

Cuba: General Cintra Frias Meets With Angolan President

PA0607195496 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 4 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Angolan President Jose Eduardo dos Santos has met in Havana with Division General Leopoldo Cintra Frias who has handed him a personal message from Commander in Chief Fidel Castro. The Cuban general, who arrived in Luanda on 30 June, also brought a letter for Angolan Prime Minister (Fernando Franca Bandunem) congratulating him for his recent appointment in that post.

Speaking to reporters, Cintra Frias has said his visit is part of the fraternity and friendship existing between Cuba and Angola and seeks to analyze ties of cooperation.

Cuba: Holguin Province Prepares To Host 26 Jul Ceremonies

PA0407215996 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jul 96

[Report by unidentified Holguin correspondent; passages within quotation marks recorded; from the "National Radio News" program]

[FBIS Translated Text] An 18-story apartment block with 72 units is nearing completion in Holguin, just as the city's historic district is undergoing a face-lift.

Thousands of Holguin residents came together on 30 June to clear weeds in sugarcane fields and carry out other important duties in every municipality. Members of Committees for the Defense of the Revolution proved

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active participants in what is known as the We Are All From the Same House [Somos de la Misma Casa] program.

Delegates to the Party's municipal asssessment meeting in Sagua de Tanamo Municipality stressed the need to boost harvests of crops and coffee, the area's leading money earner. Although Holguin registered the best production levels nationwide, historically speaking it still has far to go to realize its full potential:

[Unidentified speaker] "[Word indistinct] coffee growers must give an adequate response [word indistinct] if we talk about coefficient [words indistinct] weighted the coffee [words indistinct] 56 or 57 [words indistinct]."

Young Pedro Salvador Ardi Garcia is the new Party first secretary in Sagua de Tanamo Municipality. Ardi, comrades from the municipal bureau and the committee, and delegates have backed the people of Holguin in their decision to push for the honor of hosting the 26 July ceremony:

[Division General Ramon Espinosa Martin] "Those of us in the province who are involved in this are familiar with everyone's efforts. We know of the sacrifice and of the revolutionary happiness with which they have worked to obtain this victory."

Division General Ramon Espinosa Martin, hero of the Republic of Cuba and chief of the Eastern Army, salutes the people of Holguin in the name of all combatants in the Revolutionary Armed Forces' best command. One of this command's units today is hosting the main ceremony commemorating the 35th anniversary of the Engineering Corps:

[Espinosa] "It has been said that Holguin could have done a better job on the sugar harvest and yielded more sugar. Holguin has advanced on every front and worked hard and deserves the honor of hosting the ceremony marking the 43d anniversary."

Workers at the provincial industrial gas plant will head up the ceremonies in Holguin. Holguin was designated host of the Natioanl Chemical Workers Day ceremonies on 1 July, thanks to the efforts of workers at his plant and at (Fenton) Fertilizer, Petroleum, and Rubber Industries:

[Unidentified speaker] "The industrial gas plant is always a host; as I said before, its production is very important. We will never give up on our goal of trying to host the 26 July ceremony".

Cuba: Radio Notes Electronic-Mail Address, Phone Numbers

PA0507162096 Havana Radio Havana Cuba in Spanish 1300 GMT 5 Jul 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] We will be very happy if you would send us a letter with suggestions and also requests. You might want to ask us for Cuban music, but, logically, you would have to send us the cassette, and we will record whatever music you want from our musical groups, soloists, or whatever you want to hear.

You have our address, but I will repeat it for you: Morning Information Review, Radio Havana Cuba, PO Box 6240, Havana, Cuba.

It is very important that you specify on the envelope that it is addressed to the Morning Information Review, Radio Havana Cuba. You also can contact us through electronic mail, which we already have, and it is: radiohc@tinored.cu. This is our electronic mail address you can use to send us messages, and we will get them very quickly. You also can use our telephone numbers here at the International Room. First, you dial the prefix that gives you access to Cuba then 537-79-5007 or 537-70-6103.

We will appreciate it very much if you would call us or write to the Morning Information Review. You can call right now because we are here live and direct, and we will be glad to pass on any messages.

Cuba: Report Notes Medical Attention Given to Population

PA0807014696 Havana Cubavision Network in Spanish 0000 GMT 3 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] [Words indistinct] emergency service, the way the people feel served, in the quality of hospital services. Cuba is one of the few countries of the world that can say it gives medical attention, through family doctors, to more than 96 percent of the population. It expects to have 70,000 doctors with the arrival of the new millennium.

Cuba: Poll Reveals Housing Ranks 3d Among Youth Concerns

PA0407221296 Madrid EFE in Spanish 0834 GMT 2 Jul 96

[FBIS Translated Text] Havana, 2 Jul (EFE) — According to a recent poll conducted by the weekly JUVENTUD REBELDE, housing, one of the most pressing problems faced by Cuban society, ranks third —

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after transportation and recreation — among the concerns of Cuban youths.

Having their own home and "their own space," as well as being independent is among the top aspirations of youths all over the world.

The poll, conducted among 280 youths from Havana, between 25 and 35 years of age, listed the following as their complaints: 1. Having to live in their parents' home (47 percent); 2. Living in a house that must be repaired or painted (29.7 percent); 3. Sharing a house with a former mate (7.6 percent); 4. Having to rent a house (4.4 percent); 5. Having too many relatives living at home (4.4 percent); 6. Living in a shelter (3.8 percent); and 7. Not having a home and being forced to rent wherever possible (1 percent).

However, 29.8 percent of youths did not make any effort to come up with an immediate or future solution to their problem, while 67.7 percent suggested various solutions, including the sale of materials at moderate prices or the delivery of plots available for construction.

For many years, the Cuban capital has experienced one of the most serious housing problems in the entire island, with a steep housing deficit, numerous cases of overcrowding, and many facilities in a dilapidated state.

In the first quarter of 1996, 176 housing units collapsed in Havana, and in March, almost 2,000 families were living in 69 state-run shelters set up mainly for the purpose of sheltering people who lose their homes.

Havana Mayor Conrado Martinez believes that "the argument that we cannot begin to restore run-down housing units because of the current economic situation is a serious mistake. Whatever is invested will have repercussions on both the pockets of the state and the residents, considering that each time a housing unit collapses, the state has to pay to demolish the place, move the people out, and build shelters and new housing units. Consequently, in a short time, the alleged saving becomes an unavoidable major expense."

This JUVENTUD REBELDE piece points to the lack of maintenance and of efforts to preserve and restore housing units, as well as the heavy flow of people moving from the rural areas to the capital as some of the factors that have contributed to the deterioration of housing units.

Official figures indicate that over the past three years, an annual average of approximately 45,000 people have moved to Havana. More than half of these people are students, housewives, retirees and unemployed people.

Salvador Gomila, an architect from the National Housing Institute, told the publication that "nowadays, the housing problem in Cuba is so critical that the government should not wait for the country's economic situation to improve in order to solve the problem."

The creation of the so-called "movement of micro brigades" in the early 1970's brought some hope to many of those who aspired to have "their own home." However, midway through the 1980's, the enterprises assigned to build housing units began their operations, which became a slow and ineffective alternative to solve such a pressing problem.

In recent years, the Cuban authorities have promoted the construction of affordable housing units, which require a minimum of resources, as well as projects to restore dilapidated neighborhoods as is the case of the Havana neighborhood of Cayo Hueso, which was deteriorating by the minute.

Currently, 689,709 housing units of the Havana housing fund need restoration, while another 856,575 in the rest of Cuba need repairs. The government plans to build approximately 50,000 new units this year.

Cuba: Electrical Union Forecasts Summer Outages

PA0407195296 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] The Electrical Union reports that outages during July and August will run on the same schedule as during the first six months of the year. The Union notes that using appliances wisely could reduce the number and length of the outages. The Union stresses that the public must continue to conserve energy — particularly during hours of peak demand — despite the fact that electrical plants have been producing more of late. The Union warns that demand in residential and tourist areas increases during the summer months, due to the use of fans, air conditioners, and refrigerators.

Cuba: Low School Attendance in Cienfuegos Noted

PA0607004196 Havana Radio Rebelde Network in Spanish 1155 GMT 4 Jul 96

[Report by Mireya Ojeda; from the "Doing Radio" newscast]

[FBIS Translated Text] A little over a year ago, Cumanayagua, a Cienfuegos municipality, received a notification from the government because of the high number of students who were not attending school.

Francisco Madrigal, municipal council secretary for minors' affairs, explained that this situation has changed radically. This problem was solved following an analysis at each people's council on school-age children who

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were not within the syst... in Cumanayagua, an immediate solution was sought through the creation of a system of trade schools [escuelas de oficio] at the people's councils, and the figure dropped from 307 to 23 students who were not attending classes.

Higher grades are expected in the next period, and for this reason, Madrigal advises his counterparts throughout the country to spread this method in order to have full school attendance.

Cuba: Women's Official on Problem of Prostitutes

PA0507214896 Havana PRENSA LATINA in Spanish 2059 GMT 4 Jul 96

[By Jorge Valdes]

[FBIS Translated Text] Havana, 4 Jul (PL) — Today, Vilma Espin, president of the Federation of Cuban Women (FMC), said that the prostitutes in Cuba constitute a minority group with no moral principles and can never be said to represent the local women, who are mostly honorable women.

In a statement to PRENSA LATINA, Espin refuse to call "easy riding" something that "is referred to as prostitution in the dictionary" and noted that the FMC has always followed these social anomalies very closely, since the early years of the Revolution (1959).

She emphasized that before 1959, Cuban prostitutes were at least decent. They found themselves caught up in this dishonorable profession as a means to survive, and when the revolutionary government gave them a new chance, they took advantage of it and were reintegrated into society. Thus, the blight was eradicated throughout the country.

Espin contends that, among current Cuban prostitutes, there is no dignity. They are empty, superficial, and quite materialistic persons. In fact, she believes, their proliferation is closely linked to the increase in the number of foreign tourists coming to Cuba.

She added: "Anyhow, it is a shame to find so many young women selling themselves like meat (in Cuba), a country that offers so many opportunities. It is truly regrettable."

Espin mentioned that we have found various cases and look at each one of them according to their specific characteristics. Some of them choose this path because of serious problems within their families. Many of them find a way out, but there are very difficult cases.

She added that there are many socially disadvantaged young women among the prostitutes: They lack moral principles and they are ill-prepared to lead a decent existence, not only in Cuban society, but in any other. The values of these women are equal to those of prostitutes in other countries, she stressed.

However, we have confirmed that after a while, most of them show signs of great frustration, "they feel like the leftovers of a used object, that is, like a piece of garbage," she pointed out.

According to official sources, Cuban authorities are reviewing modifications to the penal code with a view to fighting all crimes linked to prostitution or pimping.

One of the first battlefronts in this regard was the world-famous Varadero beach resort, located approximately 140 km east of Havana, where the "easy riders" mushroomed.

Espin, who is also a member of the Central Committee of the Communist Party of Cuba, participated in the second day of the seminar "Cuban Women: From Beijing to the Year 2000," in which more than 100 FMC members have been discussing, since yesterday, the human, economic, and social rights of women, as well as their civil and political rights.

The national forum also broached the reproductive and sexual rights of women; their equal role in society; and other aspects given precedence by the Cuban state for over 30 years and periodically evaluated by the United Nations.

Espin described the 1995 meeting in the Chinese capital as a major step forward compared to previous conferences, given the broad and varied nature of the issues discussed within the approved framework.

The Beijing conference revealed the reservations of approximately 40 states regarding agreements dealing with imperative topics for women in the world, the FMC leader said.

Next August, this nongovernmental institution will commemorate its 36th anniversary and currently, it includes over 80 percent of Cuban women, approximately 3 million members.

Haiti

Haiti: Reforms of Public Administration Draw Reaction

PA0507171896 Port-au-Prince Signal FM Radio in Creole 1130 GMT 2 Jul 96

[Report by Louis Massieux; from the "0730 Appointment" newscast]

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[FBIS Translated Excerpt] Once the finance minister delivers the relevant documentation to Parliament, a bicameral commission including members of the Chamber of Deputies and the Senate will meet to study the main agreements reached between Haiti and the international, financial institutions before they state whether they agree with the structural adjustment program. Several other sectors of the country also have taken a stand on the modernization of state-owned enterprises.

Louis Massieux reports.

[Massieux] The reforms in public administration are part of the structural adjustment program presented to the sponsors by the government during the meeting that has been held since the beginning of June. These reforms have brought about various reactions. Several political leaders have reacted to the Lavalas government program to boost the economy.

Marc Bazin, leader of the Movement for the Establishment of Democracy in Haiti, has said the government has held the negotiations alone; consequently, it did not reach an appropriate contract with the IMF and the World Bank.

Reforms in the public administration are a necessity, according to former President Jean-Bertrand Aristide, who says it is the means to use properly the aid the international community is giving.

Serge Gilles, leader of the Nationalistic Progressive Revolutionary Party of Haiti, says it is unfair to dismiss many low-level employees while a number of high-ranking state employees earning more money will remain in post. [passage omitted]

According to Rockfeller Guerre, leader of the Union of Democratic Patriots, everyone might agree with the reforms of the public administration, but they do not agree with the hastiness demonstrated in the program. [passage omitted]

Several party leaders and even members of the Lavalas bloc these last days have denounced the corruption prevailing in the public administration, something which has prompted Gerard Pierre-Charles, secretary general of the Lavalas Political Organization [OPL], to say the management of the OPL will not tolerate any embezzlers or people involved in corruption while state and federal employees say they do not have the means to work properly due to a lack of materials. According to the plan the government has submitted to the sponsors, the authorities will start with a first group of 7,000 dismissals.

Haiti: Officials Cited on Modernization, Reforms

PA0507174196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 2 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] As for the structural adjustment program, Finance Minister Fred Joseph will personally appear tomorrow, Wednesday, 4 July [as heard] at the Legislative Palace where he will deliver the documents on the reforms of public administration.

Momprevil Saint-Juste, president of the Chamber of Deputies Finance Commission, has many reservations about the bill on the modernization and reforms of the state-owned enterprises. According to Deputy Saint-Juste, these bills do not deal with the subject in full but concern only one aspect of the problem. As for those parliamentarians who advocate a national debate on the modernization and economic reforms, the president of the finance commission of the Chamber of Deputies has said this debate has already begun at the Parliament, adding that the deputies represent all social bodies.

Senator Yrvelt Chery has said the Haitian Government is rotten; as such, he has given his support to the implementation of the modernization of state-owned enterprises with the hope of winding up with a responsible state and public administration. [passage omitted]

Haiti: French Cooperation Minister To Begin Official Visit

PA0507165396 Port-au-Prince Signal FM Radio in Creole 1130 GMT 3 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] French Cooperation Minister Jacques Jacques Godfrain today will begin an official visit on cooperation with Port-au-Prince, the French Embassy here has announced. This cooperation has been assessed at about 400 million francs—that is, $80 million—since the restoration of constitutional order. Godfrain will meet with Haitian President Rene Preval and Prime Minister Rosny Smarth and today will sign with Haitian Planning and External Cooperation Minister Jean Eric Deryce the final documents of the ninth, joint, Haitian-French cooperation meeting that began in Port-au-Prince on 2 July.

This meeting, held every three years either in Port-au-Prince or in Paris, establishes the guidelines and principles of intervention.... [pauses] cooperation sector by sector between the two countries and assesses past actions. The French minister's visit to Port-au-Prince on cooperation demonstrates the good bilateral relations, and President Preval's recent visit to Paris made it

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obvious, stated (Jacques Rumelarde), French Foreign Ministry spokesman, in Paris on 2 July.

The French minister will discuss with the Haitian interlocutors the improvement of bilateral cooperation, according to (Rumelarde) who added, however, that this cooperation must develop in the fields of the state of law, health, and education. (Rumelarde) said that there is no example of French development [as heard] and that it is up to each country to find its own way of leading itself to progress in the respect of democratic principles and human rights.

As for the renewal of the UN Support Mission in Haiti mandate, the French Foreign Ministry spokesman said France's presence in this force is aimed at helping Haitians restore order here. [passage omitted]

Godfrain will be accompanied by the deputy director of his cabinet, (Nathalie Delapalme), and a technical adviser, Caroline Malosna. He will arrive today in Port-au-Prince where he will stay for 24 hours. The visit will take place during the joint French-Haitian meeting being held at the Christopher Hotel 2-4 July . The cooperation ministerial delegate will be received by head of state Rene Preval and Prime Minister Rosny Smarth. He will meet with Haitian Foreign Minister Fritz Longchamp and Planning and External Cooperation Minister Jean Eric Deryce and will hold a joint news conference at the Christopher Hotel at noon on 4 July after the closing ceremony of the joint meeting.

The cooperation ministerial delegate will meet with representatives of the business community, nongovernment organizations, and the French community in Haiti.

According to the head of the French Cooperation Mission, (Jean Aber), Godfrain's presence in the country will demonstrate France's association with this meeting being held in Haiti. [passage omitted]

Haiti: Bill on Modernization of State Enterprises Rejected

PA0607170696 Port-au-Prince Signal FM Radio in French 1030 GMT 4 Jul 96

[From the "Waking Up Newscast"]

[FBIS Translated Excerpt] Welcome to this newscast, the first with reports on the deputies' rejection of the bill on the modernization of the state-owned enterprises.

The deputies, members of the Lower Chamber, have rejected this bill presented by Finance Minister Fred Joseph. The deputies have called him incompetent, saying he does not have the requisite qualifications. The finance minister immediately told the legislators about the reasons for the government's decision to modernize these enterprises, which have been in a bad condition for quite some time.

Joseph has said he wants to do his best to convince the parliamentarians to approve these bills; nevertheless, the deputies do not want to give up. They persist in refusing to accept the bill, with which the finance minister has left the chamber. [passage omitted]

Haiti: Samuel Madistin Resigns as Senate Vice President

PA0607165296 Port-au-Prince Signal FM Radio in Creole 1130 GMT 5 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] The discussions at the Senate yesterday on whether it should wait or set a date to receive Fred Joseph caused the vice president of the Senate executive office to resign. Senator Samuel Madistin confirmed his resignation by saying that he represented the Senate president in his absence and that it was the responsibility of the office to respond to the executive's letter on when Fred Joseph could go to the Senate. In this regard, Samuel Madistin said he opposes the senators' proposal to receive Fred Joseph the afternoon of 4 July:

[Begin recording] [Madistin] When a courageous, worthy man leads an assembly and is publicly disowned by his peers, he resigns and gives up; that is it, nothing more.

[Unidentified reporter] Do you intend, however, to reconsider your decision?

[Madistin] Not at all. It is over. I resigned because the assembly does not trust me; thus, it is not a question of my reconsidering this decision.

[Reporter] Even if the senators took a resolution to make you reconsider....

[Madistin, interrupting] No, I resigned from my post of vice president and remain a senator. Besides, the people of Artibonite need me mostly as a senator. I will have more time to perform my job as senator than that at the Senate executive office. [passage omitted] [end recording]

Haiti: Agreements of 90 Million Gourdes Signed With France

PA0607165496 Port-au-Prince Signal FM Radio in Creole 1130 GMT 5 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Excerpt] Four agreements were signed between France and Haiti on 4 July. These agree-

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ments provide support for: a book reading campaign in Haiti, the administration of finances and the public health sector, and the restocking program for pigs in Haiti. These financial accords amount to 90 million gourdes and were signed during the closing ceremony of the French-Haitian Commission meeting held at the Christopher Hotel 2-4 July. French Cooperation Minister Jacques Godfrain and his Haitian counterpart, Jean Eric Deryce, planning and external cooperation minister, signed the agreement. Foreign Minister Fritz Longchamp also signed it.

Godfrain said Haiti always has a unique place in the spirit of French cooperation. He said their state of mind is more important than the amount of money the French Government has given to Haiti. [passage omitted]

Haitian Foreign Minister Fritz Longchamp saluted France's determination to participate in the reinforcement of Haiti's institutions. The Haitian official acknowledged that the bulk of the necessary work to boost the economy remains to be done. [passage omitted]

Prime Minister Rosny Smarth was exuberant about the cooperation developing between France and Haiti; in this regard, he said he is very hopeful that this cooperation will be reinforced every day. [passage omitted]

Haiti: Bill on Modernization of State Enterprises Accepted

PA0607171796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 5 Jul 96

[Report by Yvener Millien from the "0730 Appointment" newscast]

[FBIS Translated Excerpt] [Unidentified announcer] The senators last night finally accepted from the finance minister the bill on the modernization of the state-owned enterprises. The parliamentarians will handle this bill with urgency yet exercise restraint in voting on it too quickly.

According to Finance Minister Joseph, who spoke to the parliamentarians last night, the modernization of the state-owned enterprises will allow us to find in Haiti a discipline to handle the budget, currency stability, the reinforcement of institutions, and economic reforms that should be made in the country.

Yvener Millien reports.

[Millien] The state must be modernized if society wants a better future, said Finance Minister Fred Joseph at the Senate on 4 July while laying the foundation for the modernization of the state-owned enterprises. The finance minister added that the restructured state will concentrate its resources on basic infrastructures, education, health, justice, security, etc. Thus, according to the minister, within this modernization, the government will desist in its dominant role in providing services and producing goods; instead; the modernized state will play a supervisory and supportive role.

According to Joseph, the modernization of the state-owned enterprises will allow us to attain budgetary discipline, monetary stability, the reinforcement of the institution, financial reforms, decentralization, technological modernization, and the transformation of the production sector to reach economic growth and to increase jobs in Haiti. [passage omitted]

[Announcer] This bill includes 18 articles and has sparked much debate between partisans and opponents of economic reforms in Haiti. This bill includes several articles....[pauses] articles on the creation of the Council for the Modernization of the State-Owned Enterprises [Conseil de Modernisation des Entreprises Publiques]. [passage omitted]

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Mexico: Inflation Said To 'Continue To Decrease in 1997'

PA0507203396 Mexico City NOTIMEX in Spanish 1943 GMT 1 Jul 96

[FBIS Translated Text] Mexico City, 1 Jul (NOTIMEX) — Guillermo Ortiz, Mexican secretary of finance and public credit, confirmed today that inflation in Mexico is under control, and that it will continue to decrease in 1997, but at the necessary pace and timing.

During an interview over the radiophone, Ortiz said that even though actual inflation and inflationary expectations should decrease, that should not be the economic policy's objective, but rather to push for growth and job creation.

He said the government still maintains a goal of a 20 percent yearly inflation rate, but "we should attain the lowest possible inflation rate even if we cannot reach that goal in the short term."

According to Ortiz, "the keys are the pace and continuous inflation decrease; I do not think it is necessary to set a five percent inflation rate as our goal for next year."

Ortiz indicated that inflation is one of the problems that affect mainly the most helpless classes of society, and thus, it must be abolished. The secretary of finance reaffirmed: It is a matter of pace and timing.

He recalled that in previous years in order to reduce inflation rapidly the exchange rate policy was maintained and this resulted, perhaps, in an excessively favorable exchange rate for the peso that led to a large current account deficit. In the end, this proved to be unsustainable.

"Without the monetary and fiscal measures adopted last year, the inflationary effects that followed the devaluation of the Mexican peso in December 1994 would have been more severe and difficult to control," said Ortiz.

It is essential to lower inflation to create conditions leading to the ultimate goals of economic policy, that is, job creation and growth. This should be done at a pace that will not bring about an excessively restrictive policy that would hamper the country's development.

"It is important to point out that in order to take full advantage of the country's growth potential in the short and medium terms, we should never neglect the fight against inflationary effects," indicated Ortiz.

Regarding the public debt he said that "there is no need to renegotiate it, that is, to request changes in current contract conditions, because we have already refinanced it favorably in the short term."

Ortiz continued to explain: The debt is being refinanced. This is to say, we are rescheduling the debt for short-term payments because we think we are in an economic position to meet those payments.

He also said that in some sectors, like the steel industry, the privatization process has been successful. Production increased significantly, costs were lowered, and efficiency improved. "We now have a much stronger steel industry, and no longer have to invest the $3 billion we used to spend annually because a sizable portion of this sector was state-owned," he pointed out.

Ortiz spoke about the economic model and said that two important stages should be distinguished. First, the 1980's, when the main problem, after the 1982 crisis, was overindebtedness. This situation led to a very limited growth situation; although, not one of impoverishment, it was marked by the lack of material and economic progress in favor of the population and some important groups.

The other stage refers to the 1994-1995 crisis, when "a very serious mistake was made, a mistake that was due basically to the implementation of policies, and not to the characteristics of the new economic model," he finally said.

Mexico: FAC-MLN Unaware of Armed Group in Guerrero

PA0507152196 Mexico City LA JORNADA in Spanish 2 Jul 96 p 1

[Report by Rosa Icela Rodriguez — received via Internet]

[FBIS Translated Text] In stressing that their struggle for a transition to democracy is "public, peaceful, and abiding by the Constitution," national leaders of the Broad Front for the Construction of the National Liberation Movement (FAC-MLN) have said that this organization was unaware of an armed group in Guerrero and that it is being affected the most by attempts to establish a connection with the sudden rise of the so-called People's Revolutionary Army (EPR). FAC-MLN leader Benito Miron Lince has encouraged the country's political and social organizations "not to fall prey to the dirty tricks the government might be promoting by resorting to intrigues and slander in order to tarnish the social and political forces' move toward unity."

Commenting on the armed group, the FAC-MLN leader has said "we are respectful, do not pass judgment, nor do we criticize or interfere with the methods other groups

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use, but our methods already have been clearly explained: to seek unity through organization and to utilize constitutional means to assert the Mexican people's will." During a recent joint interview, national FAC-MLN coordinating leaders Benito Miron Lince, Cecilia Corona, Deputy Carlota Botey, and David Villarruel expressed concern "about the militarization and manner in which the information is being manipulated to implicate" their organization.

It is for this reason why the FAC-MLN national coordinating leaders are calling on all social and politically affiliated organizations to keep in mind the group's objective to ensure unity as the only means viable as an option distinct from the neo-liberalism Zedillo has presented; thus, they encourage "all the organizations with which we have been engaged in talks not to be misled, because first, the FAC-MLN leaders are not being deceived."

They have denounced the numerous, threatening telephone calls against the group's national directorate attempting to implicate them in compromising situations and have demanded safety guarantees for the FAC-MLN members in Guerrero, particularly Benigno Guzman.

As for the current situation, they have said "there is fertile ground in the country for all types of struggle. The one to blame is this oppressive political system that has the people immersed in the most pressing deprivation."

Responding to why the movement has refrained from taking part in the events commemorating the Aguas Blancas massacre, Miron Lince, who is also a leader of the Independent Proletariat Movement (MPI), has said that when the armed group announced its presence, he was heading a delegation meeting "with the Guerrero state attorney general to evaluate the files of five FAC-MLN political prisoners under arrest at Chilpancingo." He has said that the delegation also included Deputy Carlota Botey, Jorge Garcia Ramirez, in addition to Cecilia Corona, and that "we left the Attorney General's Office very late and know nothing about what had taken place in Aguas Blancas."

Miron Lince also explained that day that other national FAC-MLN leaders proceeded to take over installations of the Guerrero government representative's office in the Federal District, that other movement leaders were involved in commissions, but that "others did attend the Aguas Blancas events," and that Lilia Vazquez had been one of the speakers at the occasion together with Daniel Sandoval and representatives from other states.

As for Cuauhtemoc Cardenas' comments about them, Cecilia Corona, leader of the Social Democrat Party, has said: "He did not know the national leaders were going to be present. He received a formal invitation from the FAC-MLN in Guerrero, and we took on the task of obtaining the release of the political prisoners. I had to return to head the protest at the Government House in Arquimides 49." She has said Cardenas is right in demanding that the FAC-MLN state its position and request to meet with him soon.

Independent Deputy Carlota Botey has said it is "very outlandish to say that based on the information obtained up to now, poverty and oppression helped form the armed group or that it is another type of movement." She added that regardless of the reasons, the situation causes serious concern, because "what comes now is a repression of the communities, children, women, and leaders of the Sierra del Sur Peasant Organization [Organizacion Campesina de la Sierra del Sur, OCSS], such as Benigno Guzman, due to the Army's presence."

David Villarruel of Situam [Independent Trade Union of Workers of the Metropolitan Autonomous University] has said it would be very negative to stop the investigation of the massacre of 17 peasants in Aguas Blancas because of the alleged links to the OCSS.

The situation being confronted is that problems will increase due to the country's militarization. Now, he said, "anything is possible; they could be the same judicial officials as a people's group. We had no knowledge of the EPR's appearance, and we face the danger of being made to appear as criminals. We are social leaders; there is an intention to repress those who seek the unity many have not achieved."

Rejecting all forms of militarization of society, he has said, "we are against all armies, whatever the side."

He was asked later about the organizers of the act who bore "yellow caps," which, according to the newspapers, covered the EPR's arrival and departure. He has said that "in all events there has to be an organization and people in charge of protecting the entry and departure of whoever attends, the personalities arriving there. This is nothing abnormal, and we had no knowledge of the EPR. There is no connection to them, much less was there any information that they were to arrive."

He asked that it be understood that "the incident was not part of the program, that the companeros were surprised, and we were not able to do anything except watch. If the planned act was altered, we are the ones placed in a delicate position; we are the ones most affected by the repression that may take place."

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The OCSS Also Rejects Ties

The OCSS "has nothing to do" with the EPR. "We did not know of its existence, not even rumors, but we agree with their demands even though our means to try and satisfy them are different," OCSS leader Benigno Guzman has said in a call to LA JORNADA.

He has said that on 28 June, when EPR members appeared in Aguas Blancas while commemorating the first anniversary of the massacre of 17 peasants, "the OCSS was the first to be surprised, but what could we do...?" Guzman has said he had not made public his rejection of the ties made by the government between the OCSS and the EPR, because "I was ill" and only today left home and not because I am someone who acts "clandestinely, as some newspapers say."

Mexico: EZLN, PRD Said To Form Alliance for 1997 Elections

PA0607194696 Mexico City LA JORNADA in Spanish 3 Jul 96 p 1

[Report by Gil Olmos and Elio Henriquez — received via Internet]

[FBIS Translated Text] San Cristobal de las Casas, Chiapas, 2 Jul — The Zapatist National Liberation Army (EZLN) and the Party of the Democratic Revolution (PRD) have formed a political alliance "based on solidarity and mutual respect" for the 1997 elections in order to prevent the emergence of a right wing, two-party system in Mexico and to promote a revision of the electoral law that will allow coalitions and independent candidates.

Subcommander Marcos has said in an interview the EZLN is seeking "specific alliances" due to a possibility that the PRI [Institutional Revolutionary Party] might lose its majority in Congress, resulting in the supremacy of the PAN [National Action Party] or an alliance between the PRI and the PAN and the possibility that President Ernesto Zedillo may not complete his presidential term in the year 2000.

The EZLN leader has said that the EZLN's hypothesis is that "something is going to happen" in Congress that will force Zedillo to abandon the Presidency before his term has ended "and that it will be necessary to propose something, such as an interim or transitional government, before that occurs, because I do not see anyone belonging to any political party, including the PRI, waiting for the year 2000. Everyone seems to be preparing for something sooner. How much sooner? I believe that will be decided in the 1997 elections."

Marcos has said the EZLN's concern is "who will remain?" and that the powerful will decide this issue and prevent the people from expressing their opinions and participating in the democratic changes.

Marcos has said that based on the PRI and PAN's political maneuvers, "I do not believe they expect the change in Los Pinos to occur in the year 2000. What concerns us is that precandidates are being revealed four years before the elections. The wear and tear would be too much for them. No one can risk wasting away for four years before the elections, meaning their goal is much closer."

Following a meeting with PRD presidential candidate Andres Manuel Lopez Obrador, Marcos has said the EZLN is interested in "maintaining institutional relations" with the PRD and in planning joint actions with whomever remains in the PRD leadership to strengthen the peaceful transition to democracy and, especially, to prepare "a favorable climate for the 1997 elections.

As for the agreement with the PRD, *Subcommander Marcos* has said that it does not mean the PRD and EZLN will register candidates for next year's election but that a political option will be available to confront the PAN's growing presence.

The eight PRD members who met with EZLN leaders on 1 July were Alejandro Encinas, Rosario Tapia, Eduardo Cervantes, and Raimundo Cardenas, representing the CEN [National Executive Committee], and Jesus Ortega, Juan Guerra, Raul Livas, and Saul Escobar, representing the parliamentary group.

The PRD group stated in a communique it agreed with the EZLN that the electoral revision under discussion should guarantee, among other things, the complete opening of electoral organizations to the people, equal time in the media, implementation of the referendum and plebiscite, coalitions, and independent candidates.

The PRD members who signed the declaration said "both political forces believe it is fundamental to promote a plan for democratic change, to prevent the emergence of a right wing, two-party system, to promote different proposals to change the current economic strategy, and to encourage political alliances for the 1997 elections."

The two parties promised to "maintain official, fluent, and permanent communication to search for a common path toward peace in Chiapas and for the democratic gains the country urgently needs. The PRD parliamentary group promised to promote the agreements singed between the EZLN and the federal government regarding the rights of the indigenous population.

Moreover, the PRD and the EZLN agreed to demand jointly a solution to the postelection conflicts in certain

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municipalities and to call for a special, constitutional election for governor of Chiapas State.

Mexico: PRD President Says No Alliance Formed With EZLN

PA0607194996 Mexico City LA JORNADA in Spanish 3 Jul 96 p 1

[Report by Rosa Icela Rodriguez — received via Internet]

[FBIS Translated Text] The National Executive Committee [CEN] and the congressional bloc of the Party of the Democratic Revolution announced yesterday the start of the "formal relation based on solidarity and mutual respect" with the Zapatist National Liberation Army (EZLN) General Command.

PRD President Porfirio Munoz Ledo at the Mexico City airport hours later, after being out of the country for 10 days, disavowed the actions taken by the PRD lawmakers and leaders.

The leaders of a group of lawmakers headed by Deputies Jesus Ortega, Saul Escobar, Juan Guerra, Leticia Calzada, and Raul Livas and CEN members Alejandro Encinas, Raymundo Cardenas, Rosario Tapia, and Eduardo Cervantes announced the new relation with the EZLN during a morning news conference held at the Mexico City airport upon arriving from Chiapas, following a meeting with Subcommander Marcos.

Separately, Munoz Ledo explained the minute he arrived from Europe that this was not an alliance. "It was only a commission that went to Chiapas to participate in a forum and is part of the work agreed on with Cocopa [Harmony and Peace Commission]." He said he was unaware of any document signed in his absence.

Even when reporters showed him the press release about the agreements signed with the EZLN, he said nobody had informed him about it and argued "the CEN has not met" during his absence.

We Have Not Withdrawn From the Reforms

He flatly denied the PRD had withdrawn from the discussion of the electoral reforms in the Chamber of Deputies to protest the violent incidents that took place in Tabasco State or because the PRI [Institutional Revolutionary Party] did not have its proposals ready.

"The National Council decided to go ahead with the electoral reforms. The congressional bloc is one thing, and the Executive Committee is another. We have not withdrawn. A meeting was summoned for tomorrow evening at 2000 at the Government Secretariat. I have spoken on the telephone with Ortega, and he has not told me this."

When reporters insisted because they thought there had been a mixup and tried to explained it to him, Munoz Ledo complained: "This should not be a firing squad, because I have always acted in good faith with the press.... Since I left, there has been an intention to downplay the trip, which was extremely important."

Asked about the alleged creation of a new party, Munoz Ledo said: "No. It is not a new party. My proposal is the Olive Coalition, an encounter between the traditional leftist party, center groups, and personalities who won the elections in Italy. It could be the Agave Confederation here, because to call it Nopal, with a prickly party with lots of branches, I think would prove too much."

— Before leaving you raised an uproar with your remarks against Cuauhtemoc Cardenas.

— Who? Me? There was no uproar. I made no statements against anyone.

He was referring to an interview published by the weekly PROCESO. According to Munoz Ledo, Cardenas replied to him "abusively and aggressively." This, he said, "would have to be explained. History is not clarified with insults but, rather, with arguments and testimonies. I was never disrespectful of anyone, ever. I was very restrained in my opinions. I did not insult anyone."

To justify himself, he blamed newspapers, including LA JORNADA, who reported on his remarks. "I want to make it clear that I did not cause this incident. This incident (the 88 one) [not further specified] was brought to my attention by three different people at their request."

— Is a rupture looming?

— No. We all are members of one party. We have already held other discussions. I am complying with the request made by several party members that the discussion on history be taken up following the one on the party's internal affairs. In addition, I reject the statement that our administration has been disastrous. We found a party without organization, made up of conflicting forces, filled with bickering and trends. The party I am handing over is structured, and its policy is highly respected in the world.... I do not know whether some were annoyed about the honor bestowed on me to inaugurate the world meeting.

— How are misunderstandings with Cardenas going to resolved?

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— I clearly explained the developments, the doubts that remained, and the gaps. I have my own version. At no time have I offended anyone. I want to be respectful of the positions everyone has adopted. I do not believe the explanation of history should prompt this kind of sharp remark.

He stayed on this topic, mentioning the former presidential candidate. He talked of "the importance for a party to have credibility. One has to stop the double talk, saying one does not meet with people when one does and toying with positions one really does not have."

— Will you stay in the PRD after you step down?

— Of course I will. The Olive Coalition is the coalition of a big party with other forces. I have been working for some time not just on the PRD organization but also gathering the largest number of forces possible with a tone of truthfulness. As for the new relation with the EZLN, he said: "I do not know where they come up with something like the presentation of credentials. We authorized a commission to go to Chiapas to participate in the topic being debated in Congress. This has not been discussed with the CEN.... I am not informed. I think it is ill intended on your part to ask me something about which I have not read; that is, the delegation's report."

— It was stated in Congress that the Tabasco matter was decisive for the PRD to remain in the discussions on the reforms.

— No. Not true. The PRD's National Council decided the reforms are one thing and the discussion on the reforms are another. The reforms continue based on the decision by the council. Nobody except the National Council can undo that, no doubt about that. You will see that in the Government Secretariat tomorrow evening at 2000. The congressional work is one thing, and the CEN is another.

Mexico: Zedillo Warns Against Corruption, Impunity

PA0507195496 Mexico City XEW Television Network in Spanish 0330 GMT 3 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] President Zedillo ratified Tuesday his objective to fight corruption and impunity and cautioned that those who do not understand that the purpose of the government is to serve the citizens will not have room in his administration.

[Begin Zedillo recording] The purpose of a government is to serve the citizens, not to hurt the citizens by betraying their trust, and trampling the dignity that government endeavors should exhibit.

Whoever does not understand this has no room, and will have no room in my government, and will have to face the full weight of the law. [end recording]

At a dinner to commemorate the 50th anniversary of the National Confederation of Owners of Rural Property, the president said that Mexico's new phase demands that justice be equally applied to all.

[Begin Zedillo recording] Let the law rule over social coexistence, and let honesty, and abidance by the law be the norm of the government and of the governed.

This is why I repeat today that my administration will fight with all the means at its disposal corruption and impunity. [applause] [end recording]

In his message the president acknowledged the work of good public servants.

[Begin Zedillo recording] There will be no tolerance for dishonesty and the deviation of public funds. As a Mexican, as a citizen, and as president of the country, I, like the rest of society, acknowledge the work that thousands of good public servants perform, and it is because I respect and appreciate their work, that I share the indignation of the Mexicans in the face of any case of dishonesty, corruption, or abuse of power. [end recording]

The national leader of the Confederation of Owners of Rural Property, Jose Bonilla Robles, spoke on behalf of his organization.

In the framework of this celebration in the Lopez Mateo Room of the Los Pinos Residence, medals and diplomas were awarded to founders and former presidents of this important organization of agricultural and livestock producers.

Mexico: Zedillo Calls For March Toward Democratic Normalcy

PA0507201296 Mexico City NOTIMEX in Spanish 1929 GMT 3 Jul 96

[FBIS Translated Excerpt] Mexico City, 3 Jul (NOTIMEX) — President Ernesto Zedillo today called for marching toward full democratic normalcy as the political basis for growth and the strengthening of sovereignty, well-being, and the safeguarding of national identity.

He said: Society, the political parties, and the branches of the state are committed to a state reform "because we are determined to reach full democratic development."

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During the Third Conference of the Inter-American Union of Electoral Organizations [Union Interamericana de Organismos Electorales], presided by Zedillo, he stated that soon there will be an agreement on the constitutional reforms that are needed to then adjust the respective legislation.

Speaking to electoral officials from 21 countries, the president said the reform must guarantee the predominance of the law in individual behavior, in society, and in the relations between the government and the governed.

During the ceremony in which Mexico's membership in the union was formalized, Zedillo said that the reform is called definite not because it inhibits future adjustments but because "it is time to march toward full democratic normalcy."

Zedillo said that the reform being drafted comprises, among other aspects, the financing of political parties, election campaign expenditures, access to the media, and the autonomy of the electoral bodies.

The Mexican president explained that the reform must result in better rules for the electoral competition to mirror what is already common practice among the citizens.

Zedillo said that Mexico views democracy as the highest form of politics, and as the means for the development of social energy, and that the country is sure that peaceful and civic campaigns are essential for coexistence.

The secretary general of the Federal Electoral Institute, Agustin Ricoy Saldana, said that the electoral reform must lead the country to free and vibrant debates without animosity. [passage omitted]

The director of the Advisory and Electoral Promotion Center [Centro de Asesoria y Promocion Electoral] of the Inter-American Human Rights Institute, Daniel Zovatto, announced the formal acceptance of the Federal Electoral Institute and the Federal Electoral Tribunal of Mexico into the union. [passage omitted]

Mexico: Government, EZLN Agree To Continue Peace Talks

PA0507203996 Mexico City NOTIMEX in Spanish 2015 GMT 4 Jul 96

[FBIS Translated Text] San Cristobal de las Casas, 4 Jul (NOTIMEX) — It was learned here today that the delegates of the government and the Zapatist National Liberation Army (EZLN) have agreed to continue the peace talks on Chiapas in San Andres Larrainzar on 15 July.

Senator Benigno Aladro, a member of the Harmony and Peace Commission (Cocopa), has said that at this meeting, the parts also agreed to install the first analytical plenum of the 2d Table of Negotiations, dubbed "Democracy and Justice."

The legislator made these remarks during the Forum for the Reform of the State, organized by the EZLN in this city of Chiapas State, located 1,200 km southeast of Mexico City.

Mexico: Commentary on Situation in Tabasco, Guerrero

PA0507233996 Mexico City REFORMA in Spanish 1 Jul 96 p 1

[Commentary by Juan Molinar Horcasitas, Colegio de Mexico political science researcher: "Money and Bullets, Impunity and Obstinacy" — received via Internet]

[FBIS Translated Text] The money and bullets illused against the people and opposition have provoked violent reactions and political instability in Tabasco and Guerrero States. Once again, the rivers of politics and violence merged in these tormented places that geography separates but poor politics unite. Although the problems' origins look different, in reality they are united by similar grievances. In both of them, the government and the Institutional Revolutionary Party [PRI] are determined to offer the opposition the hardest face of the Mexican political system and, for this reason, they have found similar solutions to different problems. The common cause of the terrible political excesses observed in Tabasco and Guerrero is the impunity that systematically joins hands with people's grievances and the arrogance with which the opposition's demands to be incorporated into the country's political life are met. If justice had found more expeditious ways in both areas and if the opposition politicians in those states had received the minimum respectable treatment that civility demands, these regrettable events would not have taken place.

In Tabasco, the people were annoyed with the insultingly great and illegal amount of money squandered to prevent at all costs the opposition's victory at the ballot boxes. The opposition's reaction has been a lengthy protest movement against the present governor, who has shown he is willing to pay any price to cling to power. Political tension in Tabasco peaked during the week. The fuse for the violence again was President Ernesto Zedillo's impossible-to- conceal political support for Governor Roberto Madrazo.

Things are even more serious in Guerrero, where money is not used to offend, but bullets are used to aggress. In

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this southern state, violence against PRD [Party of the Democratic Revolution] and social and political leaders of peasant and people's organizations close to the PRD has been constant since the previous six-year term. Nevertheless, violence reached an incredible degree a year ago, with the massacre of peasants at the Aguas Blancas river crossing.

A single thread links these two apparently different cases: The offenses inflicted on the people and the opposition are not the cause of violence and insubordination. Grievances, even violent ones, elicit protests and mobilization, not violence and insubordination. If the protests and demands for justice were followed by the administration of justice and the correction of grievances, the protests would cease.

Similarly, political mobilization does not necessarily lead to violence or rebellion. If political mobilization could find institutional channels to express itself, if those who organize themselves politically were given a voice and a place in the political system where they could protect their interests and defend their rights, mobilization would turn into dialogue and negotiation.

But this has failed in Guerrero and Tabasco. In both states, the Mexican political system closed all doors to those who protest and demand justice, leaving them no legal option or political course to follow.

We cannot stop rejecting or understanding violence. To condemn it will result in little if alternatives to prevent it are not opened. And, in this instance, creating alternatives is the fundamental responsibility of state and federal governments.

In Tabasco, the problem is more manageable because there the grievances are of a monetary, rather than bloody, nature, although the government is willing to stretch the situation to unadvisable limits. The president's visit was a serious, yet correctable, error. Some have insisted that the President wished to remain institutional and impartial and that he was afraid the cancellation of his visit could be interpreted as criticism. Maybe. The fact is, however, that his visit brought about a much bigger evil because, inevitably, it was interpreted, both locally and nationally, as the President's endorsement of a governor who is being investigated judicially and under political pressure. By visiting him, and the way he did, the President sided with Madrazo and made Madrazo's cause and methods his own.

The seriousness of this decision can be observed by just recalling three images, which sum up Tabasco's problem with all their symbolism. The first one is that of a group of PRI followers forcibly occupying a radio station in Villahermosa to broadcast messages to support their governor. The second is that of a local PRD deputy who was beaten and kicked by Chamber of Deputies employees at his office in the state legislature. The third, and surely the most serious, is that of the leader of the Tabasco lawmakers wielding a stick to open a route through a group a PRD followers blocking his way. When a state authority not only permits these things to happen, but perpetrates them, the government does not deserve to be called a government. To admit this and act accordingly would be the solution to Tabasco's problem.

The situation in Guerrero is even more serious because there the grievances are of bloody nature and a new player has emerged, the so-called People's Revolutionary Army. This organization, which appeared in public on Friday during a political event to commemorate the Aguas Blancas massacre has been repudiated by the PRD and the leading political organizations in Guerrero, such as the Peasant Organization of the Sierra Madre of the South.

This political separation is an important fact, because it is both hopeful and ominous. It is hopeful that the state's organized opposition detaches itself from this military group, because in this way, it creates political margins to tackle the problem. And it is ominous because it opens the possibility that this group is being encouraged by some powerful sector to bring about violent reactions.

Because of this, it is important for the government to tackle this problem decidedly, promptly, and honestly. In this instance, national security necessitates reporting the origin of this group accurately. In both instances, the truly important thing is to stop reacting to grievances with impunity and to protests with obstinacy and instead react with justice and political fairness.

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Guatemala

Guatemala: Arzu Removes 7 Military Base Commanders

PA0507142496 Guatemala City SIGLO VEINTIUNO in Spanish 4 Jul 96 p 4

[Report by Elias Salazar]

[FBIS Translated Text] Seven commanders of military bases located in the country's interior were removed from their posts upon instructions from President Alvaro Arzu, who adopted the decision last night in his role as general commander of the Army. The commanders are now waiting for assignments.

The changes determined in recent hours by President Arzu include the replacement of Colonel Mario Salvador Lopez Serrano, who was on duty at the military base in Quiche and who is being investigated for his alleged participation in drug trafficking and vehicle theft.

The order issued by the Army high command includes changes within the leadership at the Kaibiles School, where military personnel who comprise the special counterinsurgency commando unit have been trained.

Likewise, 13 new military base deputy commanders were appointed, including Colonel Enrique Rios Sosa, son of General Jose Efrain Rios Montt (r), secretary general of the Guatemalan Republican Front, FRG.

The following military commanders are now waiting for assignments: General Jose Vidal Campos Bonilla and Colonels Mario Salvador Lopez Serrano, Juan Jose Chajon Perez, Rolando Arturo Lazo Azurdia, Julio Enrique Santos Samayoa, Rodrigo Arnoldo Leal Cruz, and Marco Antonio Mata Polanco.

The new military commanders appointed by the military high command last night are: Colonel Jose Manuel Rios Rivas (chief of G-2 in Ramiro de Leon Carpio's Administration), commander of the 11th Military Zone headquartered in Cuilapa, Santa Rosa.

Colonel Edgar Leonel Lopez Godoy Samayoa, commander of the 20th Military Zone headquarted in Playa Grande, Quiche; Colonel Carlos Rene Moreno Romero, commander of the 6th Military Zone headquartered in Puerto Barrios; Colonel Luis Rafael Cordero Osorio, commander of La Aurora Military Base.

Likewise: Captain Alfredo Herrera Cabrera, commander of the Pacific Naval Base, Banapac; Captain Erwin Fernando Guzman Ovalle, commander of the Atlantic Naval Base.

Colonel Julio Cesar Corzo Gongora, commander of the 9th Military Base headquartered in Jalapa; and Colonel Cesar Augusto Conde Uriales, director of the Kaibiles School.

The new deputy commanders are: Colonels Enrique Rios Sosa, 9th Military Zone headquartered in Jalapa; Marco Aurelio Fuentes Maldonado, Mobile Military Police; Jose Antonio Vasquez Garcia, Honor Guard Military Brigade; Freddy Raul Ramirez Giron, Airborne Troops Military Base; Carlos Eddy Radford Bonilla (third chief of Presidential Military Staff during Ramiro de Leon's administration, 22d Military Zone headquartered in Playa Grande, Quiche; Carlos Humberto Betancourt, 312d Military Base headquartered in Chimaltenango; Rodolfo Figueroa Roja, Mariscal Zavala Military Brigade; Marco Tulio Valdez Pineda, 12th Military Zone headquartered in Escuintla.

Likewise, Colonel Aroldo Antulio Ruano del Cid, 18th Military Zone headquartered in San Marcos; Artillery Captain Ramo Heliodoro Zetina Guerra, La Aurora Military Base; Captain Otto Antonio Lavagnino Mijangos, Army Corps of Engineers; Air Force Captain Menfis Antulio Rivera Merida, Guatemalan Air Force; and Colonel Pablo Roberto Saucedo Merida, new DECAM [expansion unknown] director.

Guatemala: President Gives Army Day Speech

PA0507150396 Guatemala City Television Network in Spanish 0330 GMT 30 Jun 96

[Speech by President Alvaro Arzu at a ceremony marking Army Day in Guatemala City on 30 June — recorded]

[FBIS Translated Text] Distinguished personalities attending this event: On this special occasion, allow me to address myself specially to the disabled in this war of many years, who are at my left, with a warm and special greeting, and to send a posthumous message to those who gave their lives for their homeland.

Distinguished audience: Today's commemoration of Army Day takes place in a unique time in our history, basically marked by the signing of a peace agreement. This implies both an end to an internal armed confrontation, which lasted more than 36 years, and the successful completion of negotiations that have taken more than five years. The military career of all of the Guatemalan Army's active officers has taken place during this confrontation. In this process, the Army has used resources and applied strategies against the insurgents and has had to pay dearly in this fratricide struggle that has cast our country into mourning. Today, these officers are being asked for their best and most creative contribution to reassess the Army according to the country's new situation.

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I can tell you with satisfaction that we have progressed in the fundamental commitment with the Army that I made since I took office as president of the Republic. This commitment consists of attaining a peace that can lay the groundwork for national reconciliation, and peace in the homes of all Guatemalans. Let each of you feel satisfied and be recognized for fulfilling your duty. Let peace and reconciliation allay the rigors of this profession.

Peace should be signed shortly. A good date would be 15 September. In this way, we could associate peace with a permanent date in the national calendar, the anniversary of our independence. This can be attained without degrading the contents of the negotiation because both sides are willing to seek agreements according to national interests, and this requires the signing of the peace.

At the same time, we should organize the progressive, consistent, and general fulfillment of the commitments made in this agreement. The temporariness of the process is very important, too, because it seeks to preserve and reinforce the detente climate that the country and the progress of the negotiation process require. As you all know, in mid March of this year, the URNG [Guatemalan National Revolutionary Unity] promised to suspend its offensive military operations. Consequently, my government instructed the Guatemalan Army to suspend its counterinsurgent actions, but not those derived from its constitutional mandate. In addition, following the signing of an agreement on socioeconomic issues and the agrarian situation on 6 May, the URNG committed to end the so-called war tax. With great satisfaction, I hereby report that, since the date mentioned, we have not had to regret neither dead nor wounded because of the internal armed confrontation. And this is enough for me, regardless of the criticisms I could get for this process.

In addition, we have been able to see that the so-called war tax has also been ended. If there are persons or groups trying to carry out extortions, they are delinquents whose activities cannot fall within the framework of the situation created by the armed confrontation. We are going to fight them since they are delinquents.

The progress accomplished notwithstanding, an irregular situation persists in the country, namely, the presence and activities of insurgent forces. That situation will only end definitely and formally with the signing of the agreement for a strong and lasting peace. We are today facing a real situation that through the process of negotiation will find legal solutions by means of the package of measures for the incorporation of these groups into the country's political mainstream.

Meanwhile, we must act in line with the objective of peace and reconciliation, which demands avoiding any armed confrontation and also avoiding any act of provocation. We fully concur with the statement by the Minugua [UN Mission for Guatemala] director that takeovers of towns as it happened in La Democracia, Escuintla Department, constitute an act of provocation on the Guatemalan Army, which reacted with great caution, with due caution, to prevent situations that could become extremely serious. We trust that incidents like the one I mentioned will not happen again. Most of all, however, we insist this situation is temporary, as it can only be a definite transition to the peace all of us are yearning for.

I congratulate the officers and enlisted men for their discipline in fulfilling the orders given to them and the good judgment they have displayed. As I said earlier, the situation of a domestic armed confrontation and the counterinsurgency strategy have marked the career of the Guatemalan Army's current officers and drawn the profile of the armed institution and its deployment nationwide. Today, we are immersed in the task of adjusting the Army to peacetime with the fundamental mission of ensuring the defense of the nation, and with the capacity to fulfill other missions entrusted upon it by the law or ordered by its commander general.

I want to be very clear in the sense that no change taking place in the organization, structure, and mission of the Armed Forces can head toward weakening the state's capacity to act, as it is involved in a war without quarter against organized crime. In order to fulfill its mission it is necessary to strengthen the Armed Forces' doctrine and increasingly modernize and professionalize it. The adherence to the rule of law, respect for human rights, and the commitment to democracy are the three pillars of an army that defends peace and serves and protects its people.

This modernization and professionalization must take place in line with similar processes that are being promoted in the state as a whole. In the same manner, they must be in tune with similar processes taking place in the region's armed institutions within the framework of Central American integration and globalization.

The Guatemalan Army has adopted valuable measures that speak of its correct assessment of present times and needs. Among these measures, I wish to point out the reform of the Penal Procedures Code whereby Army members will be subject to the legal system just as everyone else, save for specific cases of military offenses.

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The Army is a dynamic institution which, based on national goals, evolves daily and continuously in tune with society's demands. For this purpose, the Army permanently seeks excellence both in its actions and human resources, and attains this excellence through accurate classification and selection of its members.

The Guatemalan Army has again and again shown that it desires peace and that its military victories do not cloud its vision of the price of war, in particular when this war is waged between brothers. The Guatemalan Army members can rest assured that my government will respond to their efforts, sacrifice, and willingness for change and that at no time will the Army permit arbitrary actions aimed at attacking the institution or impairing its honor. As I said before, peace should not be used as an instrument for vengeance. To widen and reinforce the democratic space we enjoy at present, it is necessary to act maturely and wisely. We should place the pendulum in its right place, without either extremisms or sectarianisms that defeat the national interest.

I will close this speech by sincerely congratulating you on Army Day. During my mandate, I have confirmed the Army's obedience to constitutional order as expressed through the Army's allegiance to legitimate authority. It is vital for Guatemala to rely on an Army that not only has been tuned with the democratic process but has made and will continue to make essential contributions to this process. The Army's excellence, professionalism, devotion, and effort will enable it to deal with the new tasks of peace, and to defend the safety of a country increasingly threatened by organized crime. We live in a time marked by change. Guatemala's future looks brighter than ever. Let's walk together on the trail of reconciliation among brothers because the homeland needs everyone. Thank you.

Guatemala: Defense Minister Gives Army Day Speech

PA0507164396 Guatemala City Television Network in Spanish 0330 GMT 30 Jun 96

[Speech by Defense Minister General Julio Arnoldo Balconi at a ceremony marking the Army's 125th anniversary, Army Day, in Guatemala City on 30 June — recorded]

[FBIS Translated Text] Mr. President of the Republic and Army Commander in Chief; Congress President Carlos Alberto Garcia; Mr. Vice President of the Republic; Ministers and Commanders of Central American Armed Forces and Armies; Ministers and Deputy Ministers of State; Brigade General and Chief of the National Defense Staff; Ambassadors of friendly countries accredited before the Guatemalan Government; Attorney General; Commanders, Directors, and heads of military departments and services; military attaches; consular representatives; general officers, superior officers, subordinate officers, gentlemen cadets of the Polytechnic Academy, gentlemen students of the (?Adolfo D. Hall Institute), Army specialists and troops; special guests; Guatemalan people.

Without doubt, this will be the last 30 June commemoration due to the ongoing armed confrontation. Consequently, it is not only permissible but also advisable to review to what happened in the country and the actions of its heroic soldiers in this struggle. It is imperative to make this review because it is necessary to create in the public a clear awareness of the historic truth of what happened in Guatemala in the past 31 years and even previously. There have been generalizations and irresponsible remarks and provocations, to which the Army has replied, and will continue to reply calmly and wisely.

The Army has been the protagonist of civic and military drives, like the one of October 1944. National interest has guided the Armed Forces' actions. Nevertheless, the democratic dream born on that occasion was interrupted in 1954 by a movement that responded to foreign interests. This provoked the polarization of our society, leading us into a situation completely foreign to our interests, the Cold War. Similarly, the March 1982 actions were backed by the people because they were intended to correct the country's political course toward the present process of democratization. In the past 10 years, the Guatemalan Army frustrated two coups d'etat against the government of President Cerezo and neutralized President Serrano's totalitarian attempt in May and June 1993. These actions show the Army's firm conviction that breaching the constitutional order is a practice of the past.

At present, we are immersed in a negotiation process to end the internal armed confrontation. We are looking forward to the very important time when all sectors of the society must abandon their positions of confrontation, and encourage unity rather than division, to reconcile the Guatemalan family on a short-term basis.

Since the beginning and as part of our contribution to the negotiation process, we have strived to seek and identify the Army's role in the post-conflict society by looking into the experience of friendly countries, discussing this role with various sectors, and considering the demands of a firm and lasting peace.

This endless effort has enriched the Army's specific role as an institution within a democratic society as we approach the new millennium. That effort has gone

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beyond that, and proof of this was the Army's recent announcement that it will revise the laws on military exemption so that soldiers accused of common crimes can be tried in civilian courts. In its statement, the Army also rejected the possibility of a general amnesty. There is still a long way to go, however. We need more actions of this nature that clearly show our democratic convictions; actions that invite all Guatemalans, as in the past, to live in harmony under one flag and, as a first step, put an end to the sterile armed conflict in which so many of our brothers have shed their blood. I said first step because history will not stop with the end of the armed conflict. After that long-awaited moment, a preventive phase will begin to ensure compliance with the peace agreements signed, thus preventing new incidents that could bring mourning to Guatemalan families. From then on, our commitment with the future will be even more important, because through our rightful behavior will build the Guatemala we want for our children.

We must strengthen our institutions as a basic condition of modern society to guarantee its survival. Civilian power must be strengthened. The Army is and must continue to be a bastion at the service of society. In order to continue to be a bastion of our nation, the Army is currently going through a process of readjustment, which basically and mainly consists of carrying out the responsibilities assigned by the Constitution: protecting the independence, sovereignty and honor of Guatemala, its territorial integrity, and maintaining internal and external peace. Of those two noble obligations, we would like to stress interior security. We believe that the Army must be, as it is at this time, a factor that contributes to maintain interior security whenever the government of the Republic determines that criminal actions demand joint efforts with civilian security institutions.

This is a good time to thank thousands of Guatemalans for their support to the institution. Without being a direct part of the Army, with patriotism and a high sense of responsibility, they organized to protect their communities. Our fatherland recognizes their actions.

I also want to reaffirm the respect that the Guatemala Army has for our government's institutions, which has been reaffirmed on various occasions. An example of this was not conducting antiguerrilla operations thus complying with orders from the president of the Republic and commander in chief of the Army. I would like to express to the president of the Republic that he can depend on an army made up of professional soldiers, whose personal interests will be subordinated to institutional interests, which in turn are subordinated to the interests of our fatherland.

Let me quote a paragraph from a declaration issued by the Central American Military Conference on a Peace Culture sponsored by the UNESCO, in which the national defense ministers and the commanders in chief of the Armed Forces and Armies of El Salvador, Honduras, and Guatemala, aware of this historic regional and international moment, jointly expressed the following: Because a secure democracy is needed to guarantee the enjoyment of freedom, health, culture, well-being, and social justice for all its citizens, the armed institutions that we represent have a great responsibility to contribute to achieve the objectives sought by our governments; to guarantee justice, legal protection, and the common welfare of the inhabitants of the isthmus. We reaffirm our purpose to contribute to the consolidation of a peace culture in Central America, conceived as a body of ethical values, mores and customs, and standards of behavior.

This declaration is [word indistinct] with the presence, on this commemorative occasion, of the honorable representatives of the armed institutions that signed it, whom I thank for their solidarity and brotherhood.

Soldiers, feel proud of belonging to the glorious Guatemalan Army, which, despite being at a disadvantage in regards to the technological advances of recent years, was able to fulfill its constitutional mandate. This was due, mainly, to the courage of its officers, specialists, and soldiers, and to a patriotism that allowed us to produce locally our own mobilization and combat equipment, and even its spare parts, which we did not want to bring from foreign countries, because in exchange for the spare parts, those foreign countries demanded conditions that violated our national sovereignty.

May I conclude this speech by pointing out what we believe will be the decisive tasks of post-war Guatemala: the achievement of democracy resulting in the well-being, security, and justice, for all its inhabitants; the achievement of economic stability based on increased productivity and respect for fiscal obligations; the fight against drug trafficking, which has become one of humanity's worst scourges; and the achievement of a peaceful and harmonious coexistence for all Guatemalan citizens, thanks to the sacrifices of the Guatemalan soldiers, and of those who gave their lives for the survival of this beautiful land. We celebrate this anniversary with hopes of strengthening democracy, achieving peace, development, and justice for all. Because of their sacrifice and effort, Guatemalans can look to the future with hope. During the long years of the conflict, we accomplished our mission with honor and dignity. Now, as we approach the end of the conflict, we will face the responsibilities of peace with the same dignity and

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decision until we make the dream of a prosperous and fraternal Guatemala, in its effort to provide humane conditions and hope to its children, a reality.

In you, soldiers, I salute and pay homage to the sacrifice which the nation's uniformed sons have made for Guatemala. May God bless the memory of these brothers, who did not hesitate to give their lives to defend their country. May God lead us through this difficult period, and guide us toward the future. May God bless this land that deserves everything for which Guatemalans have fought: peace, justice, and freedom. Thank you.

Guatemala: Minister Says Army Changes 'Purely Routine'

PA0607202796 Guatemala City PRENSA LIBRE in Spanish 5 Jul 96 p 3

[FBIS Translated Text] Defense Minister General Julio Balconi Turcios announced yesterday that the changes within the Army are purely routine.

Balconi said that twice a year, in January and June, changes in the armed institution take place to keep it alive and dynamic.

The changes have taken place since 29 June and are not due to anything special. The point is that they had not been made public. Furthermore, it is not as if these officers had been fired; instead, they are simply waiting for orders, something which is not the same as being discharged, he said.

According to Balconi, the reason for these periodic changes is also due to the need to make room for the young to rise professionally.

We must not forget that motivations are different for a member of the Army. People generally seek pay raises, while members of the Armed Forces seek recognition of their ability, and this means promotions in hierarchy. We need to make room for the young to rise and thus allow the institution to become filled with energy and to constantly become renewed, he said.

He explained the need to leave room for the young to feel fulfilled and motivated within the armed institution. This is due in great part to the in-depth changes that have been taking place in the Army, for the benefit of the country and Guatemalan society.

Honduras

Honduras: Military Communique Reveals Personnel Changes

PA0507142796 Tegucigalpa LA TRIBUNA in Spanish 3 Jul 96 p 8

[FBIS Translated Text] An official Armed Forces communique revealed yesterday that Colonel Hernan Seaman officially took command of the Directorate of Ceremonial Protocol and the Public Relations Directorate on 1 July, replacing Colonel Anibal Burgos Moya.

Anibal Burgos has been transferred to the General Staff Directorate Civilian Affairs (C-5) Directorate, a position formerly held by Colonel Francisco Davila Nolasco, who will now be the new director of organization, operations, and training (C-3).

Colonel Jose Martinez Amador, former C-3 director, will now be the director of the National Defense College (CDN), replacing Colonel Luis Alberto Soto Ponce who will become an adviser to the Armed Forces commander in chief.

In addition, the communique reveals that steps are being taken with the Foreign Ministry to rotate the military attaches in various countries. Moreover, Hernan Seaman had been an assistant to the private secretary of Commander in Chief General Mario Raul Hung Pacheco.

Hernan Seaman said the military attache's office in Mexico is important because of the contacts with Mexico and the bilateral agreements signed between the two countries. Therefore, Seaman denied the military attache's office in Mexico would be closed. Seaman affirmed that steps are being taken to open a permanent military attache's office in Nicaragua.

The new ceremonial protocol and public relations director denied his predecessor, Anibal Burgos, did not perform his responsibilities well in that position, adding that Burgos had been transferred to a similar position and that the experience Burgos had gained in recent months would help him fulfill his C-5 responsibilities.

As for changes in the Public Security Force (FSP), Seaman assured that there is no official news about changes in the police department.

Honduras: Armed Forces Changes Allegedly Due To Charges

PA0707010396 Tegucigalpa LA TRIBUNA in Spanish 3 Jul 96 p 8

[FBIS Translated Text] The sudden changes announced by the military institution yesterday could have been

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triggered — as a cover — by a confidential document that questions the Armed Forces and reports corrupt actions within the corps.

Although military spokesmen reported the changes as "routine," it was revealed that the Senior Council of the Armed Forces (Cosuffaa) held a meeting on 25 June, where the so-called Document "R" could have been discussed. The internal document contains a list of irregular actions committed by several former commanders-in-chief, including the current one.

According to what is known, the author of the mentioned document is said to be Colonel Reytel Caballero, who is the military attache in the Honduran Embassy in Mexico. Caballero is a former member of the infamous 3-16 Battalion and could have prepared the compilation of events that go back to the plot against General Gustavo Adolfo Alvarez Martinez and also include a legal charge against [current Armed Forces Commander-in-Chief] Gen. Mario Raul Hung Pacheco.

According to the investigations made by LA TRIBUNA, Caballero did not intend to publish the document but to get his military companions to reflect on it. However, Hung Pacheco considers the document to be a betrayal and a threat to his administration. Thus, Col. Caballero, who was also director of the Technical Military Projects (Promitec,) will probably be "purged" or could even be given a dishonorable discharge if an honor court is established.

In the meantime, with the excuse that there are no funds to pay him, Caballero was removed from the military attache post in Mexico. However, this is a decision that the Foreign Ministry would have had to make.

For the benefit of the public and of the Armed Forces, the military issued an official bulletin announcing several personnel changes and that Caballero would be transferred to the commander-in-chief's advisory group. However, this officer will surely end up being set aside [en al deposito] or will be "purged."

Due to the secrecy with which such situations are handled by the military, it would not be surprising if Hondurans have to wait for the international media to publish the so-called Document "R" to be able to read it. After this happens, as is customary, the local media will reprint it.

[Tegucigalpa LA TRIBUNA in Spanish on 4 July publishes on page 67 a 450-word report stating that "Honduran Armed Forces Commander Gen. Mario Raul Hung Pacheco said yesterday that Colonel Reytel Caballero must personally explain the 'R' Report because I do not deny that it exists." The general said all the military attaches send weekly or monthly confidential reports that he studies and, in some cases, assesses with his command staff and advisers. Hung Pacheco "admitted receiving reports from Col. Caballero as well as several assessments on matters that he did not reveal." He said they are thinking of giving up one attache post in Chile because "dollars are very expensive in that country, and it is difficult to work in such a situation." According to the military leader, the closing of the military attache post in Mexico is due to budget reasons and not because they want to "purge" Col. Caballero. The general "explained that apartments in Mexico cost $1,000 and military attaches are paid $2,000, thus, they cannot live on their salary in that country." Hung Pacheco denied that Caballero was ever in the 3-16 Battalion but said he was a counterinsurgency member. He added that the officer is writing a book on people who have disappeared but is doing so on a personal basis. "We all have the right to write but without damaging the country. The Armed Forces promotes literary inclinations," Hung Pacheco stated "sarcastically." He also said that the changes in the Armed Forces are not a "smokescreen" to hide the "R" Document. "Pieces that were not working right were changed just as I announced when I assumed command of my post," he said. In conclusion, Gen. Hung Pacheco expressed surprise "with regard to the insinuation attributed to run-of-the-mill, routine changes. This scandal worries me."]

Nicaragua

Nicaragua: Cooperation Minister Visits France, Germany

PA0607201896 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 5 Jul 96

[From the "National Newscast"]

[FBIS Translated Text] Foreign Cooperation Minister Erwin Kruger is on a working tour of France and Germany.

In France, Kruger will hold a meeting with (Christian Meyer), president of the Paris Club, during which he will discuss the progress made toward the payment of the Nicaraguan foreign debt. In addition, he will try to lay the foundations for the negotiations with the Paris Club that will be held next year. The Paris Club has offered the possibility of granting an ever larger reduction of the Nicaraguan foreign debt. It is expected this reduction may reach 90 percent in each member country of the Paris Club.

During his visit to Germany, Kruger will confirm the German Government's financing for the project to clean up Managua Lake.

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Nicaragua: Electoral Council Turns Down Lacayo's Candidacy

PA0607050996 Panama City ACAN in Spanish 0419 GMT 6 Jul 96

[FBIS Translated Text] Managua, 5 Jul (ACAN-EFE) — Liberal Alliance candidate Arnoldo Aleman and Sandinist leader Daniel Ortega will be able to run in the 20 October presidential elections, the Supreme Electoral Council today agreed.

The two candidates, who according to the polls stood the highest chance of winning the elections, had been challenged for different reasons before the Council, which also accepted the candidacy of former Nicaraguan Vice President Sergio Ramirez.

Meanwhile, former Presidency Minister Antonio Lacayo — son-in-law of Nicaraguan President Violeta Chamorro — banker Alvaro Robelo, and Eden Pastora will not be able to run for president.

The Supreme Electoral Council understands, according to the existing Constitution, that Lacayo may not be a candidate because he is a relative of the incumbent president, while Robelo and Pastora were turned down because they became Italian and Costa Rican citizens, respectively.

The challenges were filed before electoral authorities by another candidate, Moises Hassan, of the Renewal Action Party, a small political party.

Nicaragua: Lacayo Views Self as 'Politically Assassinated'

PA0607051696 Panama City ACAN in Spanish 0437 GMT 6 Jul 96

[FBIS Translated Excerpt] Managua, 5 Jul (ACAN-EFE) — The Nicaraguan electoral tribunal today left former minister Antonio Lacayo, banker Alvaro Robelo, and former guerrilla Eden Pastora out of the run for the presidency in the coming 20 October elections. [passage omitted]

Electoral tribunal President Marina Zelaya said the legal representatives of the candidates for president banned from participating in the elections have three days to designate their replacements.

The electoral tribunal has authorized the candidacy of 17 other aspirants, none of whom can possibly receive more than 2 percent of the vote, according to the most recent surveys.

Lacayo, who was presidency minister for Violeta Chamorro, had told the media that if his candidacy was not recognized, "I would be politically assassinated," but that he was calm and confident that "the state of law would prevail."

The Electoral Council magistrates had been in a permanent session for the past two weeks checking the candidacies, in addition to those running for president, of the 32,000 aspirants to the more than 2,000 publicly-elected positions.

Managua Archbishop Cardinal Miguel Obando y Bravo today asked the politicians to act "maturely and with common sense at all times."

"I hope everyone can remain calm even if he has been turned down (by the electoral tribunal) and that there will be no more war in Nicaragua," regardless of the magistrates' decision, because "violence harms the poor the most," he said.

Nicaragua: Rejected Candidates React to CSE Ruling

PA0707150796 Managua EL NUEVO DIARIO in Spanish 6 Jul 96 pp 1,16

[Report by Aura Lila Moreno]

[FBIS Translated Text] Antonio Lacayo, Eden Pastora, and Alvaro Robelo, the three politicians whose candidacies for the presidency of the Republic were rejected by the Supreme Electoral Council [CSE], reacted differently when the decision was announced by the CSE last night.

While Pastora blamed the Sandinist National Liberation Front [FSLN] for the CSE's decision, and Robelo blamed Sergio Ramirez, Engineer Lacayo said he feels compelled to abide by the decision. However, he announced that he will file a revision writ against the resolution.

"The National Project [Pronal] is sorry, but the decision will only serve to strengthen our democratic pledge and our determination to win the 20 October elections," the former presidency minister said, visibly upset. Lacayo was surrounded by more than 100 supporters, including many government officials.

Lacayo held a news conference immediately after the CSE made its announcement, and he said that, "as democrats, we feel compelled to respect" the resolution regarding the presidential candidacy that his party submitted on 7 May.

Nevertheless, he reported that his party will request a revision, because the resolution evidently violates various constitutional articles. He also said that he was summoning the Pronal's National Electoral Commission for a meeting on Sunday.

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"We will elect Pronal's presidential candidate in case the CSE rejects the revision writ," Lacayo said.

Meanwhile, Democratic Action Party [PAD] candidate Eden Pastora reacted angrily and blamed the FSLN for the electoral branch's decision not to admit his presidential candidacy.

"The FSLN has acted in an underhanded manner; it has created laws and prevented us from participating in these elections," said a visibly annoyed Pastora. He said "this decision has been a hard blow for the party, a hard blow for those of us who have struggled and dedicated our lives to these people."

Contrary to the serenity shown by Lacayo, Pastora said the CSE decision was "stupid" and "harsh," but he added that he forgave the CSE magistrates, even if they were turning him into a "pariah."

"Those of us who have fought historically think it is not worth participating in this electoral process," the PAD leader said in a somewhat threatening tone, adding that the CSE resolution offended many Nicaraguans who, "I believe, will not accept that decision."

Alvaro Robelo, like Pastora, considered that the CSE resolution was part of a campaign sponsored by Sergio Ramirez, candidate of the Sandinist Renewal Movement [MRS], to leave him out of the political race.

Robelo, candidate of the Nicaraguan Alliance, said: "Sergio is behind this campaign, because the CSE president is married to MRS leader Jorge Samper."

"I will continue with my people," Robelo said, almost in tears, after announcing he will resort to international organizations like the International Court of Justice at The Hague.

Nicaragua: Roundup of Electoral Developments Through 6 Jul

PA0707041296

[FBIS Report] The following is a compilation of reports on developments leading up to Nicaragua's 20 October elections monitored through 6 July.

An estimated 25,000 to 30,000 people participated in last Saturday's reenactment of the historic tactic withdrawal march to the city of Masaya, headed by Daniel Ortega, leader of the Sandinist National Liberation Front, FSLN. Most notable was the presence of many youths who were born after the triumph of the Sandinist revolution. (Managua BARRICADA in Spanish 1 Jul 96 pp 1, 8)

During a 27 June meeting with students of journalism at the Central American University, Alvaro Robelo stated that, in the event of runoff presidential elections, he would only seek an alliance with the FSLN and never with the Liberal Alliance, headed by Arnoldo Aleman Lacayo. (Managua LA PRENSA in Spanish 1 Jul 96 p 2)

In reaction to statements on 30 June by Foreign Ministry Spokesperson Claudia Paniagua denying the existence of a 1917 agreement between Nicaragua and Italy allowing for dual nationality, a 1 July communique by Alvaro Robelo states that the Foreign Ministry has no legislative powers to interpret the spirit of international agreements. Robelo has said that the remarks by Paniagua and Foreign Minister Ernesto Leal were capricious, made in bad faith, and have undermined the election process. (Managua BARRICADA in Spanish 2 Jul 96 p 7)

According to legal experts who were interviewed by BARRICADA, Liberal Alliance candidate Arnoldo Aleman is disqualified from running for the presidency due to a lawsuit still pending against him at the Comptroller General's Office. The suit is in connection with a corruption scandal involving former Deputy Presidency Minister Antonio Ibarra Rojas. (Managua BARRICADA in Spanish 3 Jul 96 p 10)

According to a 3 July, Managua datelined report, the Ethics and Openness Civic Group (Grupo Civico Etica y Transparencia — GCET) will conduct a quick vote count during the 20 October elections in order to obtain a scientific sample and trend of election results the very same night. GCET director Emilio Alvarez has stated that the sample will serve as a parallel control and should deter anomalies in the official vote count. Alvares has denied that the GCET plans to release its results before the CSE releases its official results. (Mexico City NOTIMEX in Spanish 2210 GMT 3 Jul 96)

The government has budgeted $2 million to be allocated among the various political parties that will participate in the upcoming elections. Deputy Finance Minister Rene Vallecillo has stated that each party will receive approximately $100,000. (Managua Sistema Nacional de Television Network in Spanish 0130 GMT 4 Jul 96)

According to a Managua, 2 July datelined item, National Project (Pronal) presidential candidate Antonio Lacayo has asked the CSE to allow all the registration of all hopefuls and not "retroactively" enforce constitutional impediments to any of them. He said that the CSE risks "serious criticism if it allows Sandinists to run for office while preventing non-Sandinists." (Panama City ACAN in Spanish 0106 GMT 3 Jul 96)

CSE magistrates have ruled that Liberal Alliance candidate Arnoldo Aleman violated the law by fraudulently

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introducing to the country more than 200 packages of merchandise without paying taxes. The electoral law specifies that donations to political parties can only be in the form of technical assistance and training. CSE President Rosa Marina Zelaya said that the 232 packages contained creams, medicines, and chains and were a U.S. donation. The case has been forwarded for handling by a regular justice prosecutor. (Managua Nicavision Canal 12 Television Network in Spanish 0400 GMT 3 Jun 96)

Next week, 47 new Vote-Counting Boards (JRV) will be put into operation in 26 municipalities in the middle and northern parts of the country. This will allow the ad-hoc registration of peasants who were unable to do so these past three weekends. This will then allow them to request their civic card to vote in the upcoming presidential elections. CSE President Rosa Marina Zelaya said that the CSE now has the results of an investigation to do with the introduction of propaganda from Taiwan for candidates Aleman and Lacayo, consisting of caps. The electoral law only allows technical training and assistance. The caps entered the country without paying taxes. (Managua LA PRENSA in Spanish 3 Jul 96 p 2)

Deputy Dora Maria Tellez yesterday accused Finance Minister Emilio Pereira of withholding funds earmarked for the political parties electoral campaign in order to favor Pronal candidate Antonio Lacayo. Tellez claims that the country is receiving foreign donations and loans that are not legally approved by the National Assembly for use in the electoral process. Pereira is obligated to present a draft bill to the National Assembly to expand the CSE budget, "but the official is not doing it because of a political maneuver." Tellez says that Pereira prefers to continue to use the funds illegally to avoid having to apply the legal percentage that has to be given to the political parties. (Managua BARRICADA in Spanish 4 Jul 96 p 8)

Pronal candidate Antonio Lacayo published an article on his candidacy claiming that those who argue that the CSE should prevent him running "reflects the nervousness that overpowers them in the face of the unquestionable strength with which Pronal has been leading the center within the national political spectrum." (Managua LA PRENSA in Spanish 3 Jul 96 p 14)

Seven political candidates made public last night their support of the CSE resolution as to who can run as candidate. The CSE has disqualified three, and these seven others back this decision. The three disqualified candidates are Antonio Lacayo, Alvaro Robelo, and Eden Pastora. (Managua LA PRENSA in Spanish 6 Jul 96 pp 1, 10)

FSLN presidential candidate Daniel Ortega has said that the rank and file will have the patience of a saint and will "convince Nicaraguans door by door, and we will win the elections the first time around." Ortega said this yesterday before a crowd in Jinotepe. He was the main speaker in the event to commemorate "the liberation of San Marcos and Jinotepe" 17 years ago. (Managua BARRICADA in Spanish 6 Jul 96 pp 1, 5)

Nicaragua: High-Ranking Army Officers Receive Degrees

PA0807035096 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 5 Jul 96

[Report by Jairo Antonio Mendez; from the "National Newscast"]

[FBIS Translated Text] The first higher education graduation of high-ranking officers has taken place within the spirit of professionalization of the Nicaraguan Army.

Twenty-seven high-ranking Army officers yesterday received their bachelor's degrees in business administration during a graduation ceremony without precedent in the history of the Central American University. During the ceremony, the military personnel made a social contract between the university and the Army in favor of the country's peace and stability:

[Begin Army Commander General Joaquin Cuadra Lacayo recording] We are committed to securing a higher educational level. These 27 military officers who successfully graduated today have perfected their professionalism, their sense of responsibility in the service they give society. They have a renovated concept of their military profession. [end recording]

Another 40 officers are taking a special business administration course as a fundamental part of the professionalization of the Army.

Panama

Panama: Foreign Minister on Talks With U.S. on Bases

PA0607184496 Panama City LA PRENSA in Spanish 3 Jul 96 p A25

[Report by Betty Brannan Jaen: "A New Focus in the Foreign Ministry"]

[FBIS Translated Text] Panama City — New Panamanian Foreign Minister Ricardo Alberto Arias said in an interview with LA PRENSA last week his foreign policy will put more emphasis on commercial topics than his predecessor, and he commented extensively on U.S. relations, both regarding the alleged "Samperization" of

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the Perez Balladares government as well as the freeze of exploratory talks on the future of the bases.

On the impact on our relations with the United States following narco-donations to the Perez Balladares campaign, Foreign Minister Arias said the United States recognizes there are three factors that differentiate President Perez Balladares' situation with that of Colombian President Samper: knowledge, magnitude, and obligation. The foreign minister said: "Assistant Secretary Gelbard has told me and has stressed that in Samper's case they understand that he was aware of the contributions and the amounts, and these two points compromise his presidency. In Panama's case, they are certain the president did not know at first about the contributions and that the amounts of these contributions did not commit anyone."

Arias upheld the view that even though someone in the State Department has apparently been the source of the negative information about Panama published in the international media, high-ranking State Department officials continue to express their full support to the Perez Balladares government, even though the foreign minister could not explain the obvious contradiction. He said he had not asked Gelbard about who in the State Department is saying things, which are supposedly groundless, to THE NEW YORK TIMES and THE MIAMI HERALD. He also said he had no explanation about why U.S. officials seem to be saying one thing in public and another in private. Arias said that as far as he knows, the United States has not threatened to deny Panama's "certification" in the international struggle against drug trafficking since President Perez Balladares took office, nor has this certification been in danger during the current administration.

The topic of the recent news was discussed during the meeting with Robert Gelbard (assistant secretary of state for international narcotics and law enforcement affairs), with whom the foreign minister again spoke after discovering the "narco-checks" infiltrated the presidential campaign. In both conversations, said the foreign minister, Gelbard's reaction was of "much support" to President Perez Balladares.

As for the bases, the foreign minister denied, as he has already done at other times, secret talks have been held, as certain Washington sources contend. He did say preliminary talks to the exploratory talks, which in turn would be a precursor to any negotiation, have taken place. Foreign Minister Arias said: "The exploratory talks are obviously a step preceding negotiations, a level of informality prior to the negotiation. It is a stage at which concepts are discussed to determine the basic parameters so both countries may decide to enter a much more concrete negotiation. Those talks have not taken place."

The foreign minister continued: "The topic is not forbidden, however. That does not mean that if we meet with the U.S. ambassador we will not discuss the issue in general terms. Normally it has been to reiterate positions. The United States has clearly stated it will not pay for the bases. Panama has stated it wants to receive important, economic benefits. We have talked about starting the exploratory talks. They have stated in different ways what areas might interest them. They have mentioned Howard, Sherman, Galeta and have occasionally mentioned access to Howard. We have talked about the possibility of a joint use in the specific case of Howard."

"This is the type of communication that has taken place informally. That, for me, is a preliminary phase preceding the exploratory talks, which are, in turn, a preliminary phase preceding the negotiation. This division into phases has been made due to its complex nature, because this topic is a sensitive one for us."

The foreign minister said no date has been established yet to start the exploratory talks, because "Panama is not ready." The foreign minister said Panama has yet to undergo a much more intense, internal debate on the issue, and he deplored the "urgency" perceived in the U.S. media. He said U.S. authorities have never officially implied this "urgency," but he constantly sees warnings in the U.S. news that the talks will not be possible unless they are held immediately.

Arias reacted to the remarks stated by former U.S. official Richard Feinberg in a recent interview with LA PRENSA. Feinberg said certain Latin American foreign ministries have "an outmoded," foreign policy particularly if it is based on an alleged, "special relationship" with the United States, but the new foreign minister insisted Panama does have a "special relationship" with the United States. "Panama has had a special relationship and still does. Sometimes it has been good, and sometimes it has been bad, but it has had that relationship, and that is still a goal in Panamanian foreign policy," Arias said.

The foreign minister continued: "Part of that relationship is based on the transition of the Panama Canal. Part of that relationship deals with our cooperation in the control of money laundering and drug trafficking. Part of that relationship is based on our commercial ties."

As for adherence to NAFTA, which the Perez Balladares government wants to sign with the United States, the foreign minister admitted that doors that previously

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seemed to be opening in Washington have now been closed.

"I believe it is unrealistic to think about joining NAFTA right now, (but) this does not apply to a closer relationship strictly at the bilateral level. I believe the possibility still exists, because it does not have to have NAFTA's amplitude or NAFTA's amplitude." [sentence as published]

The foreign minister concluded the interview by saying that the basic difference between his handling and Foreign Minister Lewis Galindo's handling of Panama's foreign policy will be the emphasis. "I want to give more emphasis to trade issues, not just the promotion of investments but, rather, foreign trade aspects, the signing of foreign trade agreements," the foreign minister said. He assumes his new post following what can only be described as a brilliant role as Panamanian ambassador to Washington. It was a role the Panamanian community in Washington had not seen in several decades, and it was an embassy that shone as never before, under the refined hand of Mrs. Maruquel Boyd de Arias.

Panama: Consultations on U.S. Bases Begins With Parties

PA0507192096 Panama City Telemetro Television Network in Spanish 1730 GMT 5 Jul 96

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] As announced, the consultation phase on the permanence of military bases in Panama and the possible exploratory talks began with political parties today.

The first party to participate in the consultation was Papa Egoro. Foreign Minister Ricardo Alberto Arias met with the party's top leaders this morning to discuss the withdrawal or presence of U.S. military troops after the year 2000. The foreign minister said a new, broad, and serious phase of consultations has been started but conceded that these consultations must go beyond the political parties sector:

[Begin recording] [Arias] It will not be possible to consult every national sector. When it is said that this consultation must incorporate all sectors, I think it is impossible. The consultation will be broad; it will go beyond political parties. Various sectors of our civilian society will be consulted, but it is obvious it is practically impossible to consult all of them.

[Unidentified reporter] What will happen after the consultation?

[Arias] The government will have to take a stand on our relations with the North Americans.

[Reporter] When do you estimate a decision will be made?

[Arias] I have set no deadlines. The decision will be made when it has to be made. [end recording]

Papa Egoro members questioned the recent report issued by economists Galan and Fernandez, because, according to the party members, it promotes the permanence of the bases, a permanence Papa Egoro rejects:

[Begin Papa Egoro President Gloria Young recording] We feel it is necessary to comply with the spirit and letter of the Torrijos-Carter Treaties, particularly regarding the presence of the military bases. We reiterate that this country does not have to accept the presence of military bases after the year 2000. We also feel that there is an urgent need to present a plan for the use of the land. [end recording]

The foreign minister will participate in a meeting with the Arnulfist Party this afternoon. Arias also announced that all the parties, in addition to other sectors, will be included in the series of talks.

Panama: Consultations Held With Arnulfistas on U.S. Bases

PA0607221596 Panama City Circuito RPC Television in Spanish 2300 GMT 5 Jul 96

[Report by Alexandra Ciniglio; from the "RPC Television News" newscast]

[FBIS Translated Text] The government began today a series of national consultations to establish a consensus on the position Panama will adopt on the possible stay of the U.S. military bases.

Arnulfista Party Directorate members received Foreign Minister Ricardo Alberto Arias at the party's headquarters. For over one and a half hours, the foreign minister answered their questions on the possible beginning of exploratory talks, prior to formal negotiations on the U.S. bases' permanence after 2000.

The Arnulfista Party's position on this issue was defined a long time ago.

[Begin Arnulfista leader Jacobo Salas recording] We must first have information on the point that will be debated, in any case. This way we, the party, will first know what the people truly want and what our directorate wants, so we can give a reply. [end recording]

The foreign minister said the government intends to hold broad consultations on the issue so it can eventually adopt a decision that is supported by the majority.

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[Begin Arnulfista leader Bolivar Pariente recording] There should be no referendum to determine if a negotiation or conversation process continues or not. If an agreement is reached, this agreement should be subject to a referendum. [end recording]

Given the Arnulfistas' doubts, the foreign minister insists this issue will not be linked to the presidential reelection. The advisability of the military bases' permanence was the main issue reviewed during the discussion.

[Begin Pariente recording] [Words indistinct] negotiation on the bases, and if the U.S. military does not stay, nothing will happen. That is not so. Believe me, they want to remain here after 2000, in the bases you mentioned, and in the numbers they have established. What they say everywhere and at every conference indicates they do want to stay. [end recording]

The government admits that the problem is that a land utilization survey is not ready. This will determine the actual development possibilities in the reverted areas. Furthermore, some things are not clear.

[Begin Arias recording] There has never been talk of less than five years or more than 20 years; and, I repeat, this was done in a very informal manner. Therefore, we are not talking about 40 years; and, in any case, we are not talking about the current numbers that exist in the military bases. [end recording]

What is actually clear is that the final decision, on whether or not the military bases will remain, must be adopted before 2000. The foreign minister says everything discussed with the United States has been divulged, although some Arnulfistas claim otherwise.

Panama: Arias Discusses U.S. Bases With Party Leaders

PA0607174896 Panama City EL PANAMA AMERICA in Spanish 6 Jul 96 p A1

[Report by Arnulfo Barroso Watson and Aquilino Ortega Luna]

[FBIS Translated Text] During preliminary, exploratory talks, the United States has expressed "very informally" that it is interested in keeping the Howard, Rodman, and Sherman bases and Galeta Island after the year 2000 and for a period of between five and 20 years.

Foreign Minister Ricardo Alberto Arias announced this information at a meeting yesterday with leaders of the Arnulfist and Papa Egoro Parties to get their opinions on possible negotiations on the bases with the United States.

Answering a question asked by an Arnulfist leader, Arias said that among the possible compensations for Panama, which have been mentioned, are the payment of a yearly, rental fee, the signing of a free trade agreement, and the implementation of the U.S. social security, hospital, and medical systems in Panama, which would attract the tourism of U.S. pensioned people to the country, as well as benefits of a fiscal nature in the organization of conventions by established U.S. groups and social works through the so-called Civic Action carried out by the U.S. Army.

The foreign minister insisted that such possibilities have only been discussed occasionally at meetings between officials of both countries and that there are no commitments "of any type." He added that diplomatic relations between Panama and the United States transcend such talks and said there would be no "tragic" consequences if both countries decide not to reach an agreement.

Arias stressed that there is no "position, agenda, or date" for Panama and the United States to initiate exploratory talks on the continuation of the U.S. military presence in the country beyond 2000.

He said Panamanians would have to endorse any agreement on the military bases through a referendum.

He said both countries would cover the cost of maintaining the bases that would remain in Panama. Arias said the Panamanian Government is concerned about the physical appearance such installations would have and the possibility that the U.S. soldiers would still wear military uniforms.

The foreign minister announced that the Interoceanic Region Authority (ARI) will present the Executive General Program for the Reverted Areas shortly and that it will be sent later to the Legislative Assembly for its debate.

The Arnulfist Party board reiterated its nationalist position and stated it would be attentive to ensure that the permanence of the U.S. presence in Panama results in true, economic benefits for the Panamanians.

Legislator Bolivar Pariente said the payment of a rental fee for the bases would be the "minimum" requirement for the Panamanians if the government demands, as a compensation, that U.S. soldiers carry out civic action programs during the 12 months of the years they remain in Panama.

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Panama: Extradition of Castrillon 'Legally Impossible'

PA0507165296 Panama City Telemetro Television Network in Spanish 1730 GMT 4 Jul 96

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] Attorney General Jose Antonio Sossa has said that Colombian drug trafficker Jose Castrillon Henao's extradition is impossible without first amending the Panamanian Penal Code.

President Ernesto Perez Balladares has suggested that the U.S. Government could request Castrillon Henao's extradition. The attorney general says this is legally impossible, but that he does not rule out an amendment of the law for this purpose.

[Begin recording] [Sossa] U.S. authorities have not yet requested Castrillon Henao's extradition. I have been told that the U.S. Government is considering trying Castrillon Henao for the use of U.S. identification documents, such as visas, under a false name. In other words, he lied to U.S. authorities to obtain documents to enter U.S. territory. I understand that the U.S. Government will conduct legal proceedings and eventually may request this person's extradition. Our laws would require certain adjustments in order for a foreign citizen like him to be sent to the United States to stand trial. Even if he is extradited, the legal proceedings in Panama will not stop. Even if the law is amended so he can be sent to the United States to stand trial, we would continue our proceedings here in Panama.

[Reporter] Is it right to extradite Castrillon Henao although his legal proceedings in Panama have not yet been completed?

[Drug prosecutor Rosendo Miranda] Legally, it would be impossible because the Penal Procedures Code forbids it. A person cannot be deported or extradited while he is under a legal procedure in a country. [end recording]

Miranda also mentioned Castrillon Henao's assessment by a medical team. Castrillon Henao is suffering from back problems.

[Begin recording] [Miranda] We still do not have those results. We expect the medical team to send them to us. Then we will decide what measures we will adopt.

[Reporter] Can this measure be an operation? Will he remain as he is now, or will he get additional medical attention?

[Miranda] May I repeat... [pauses] I cannot comment or decide on this matter before it reaches me. [end recording]

Panama: Attorney General on Possible Extradition

PA0507223096 Panama City EL PANAMA AMERICA in Spanish 5 Jul 96 p A1

[Report by Juan Manuel Diaz and Aquilino Ortega Luna]

[FBIS Translated Text] Yesterday, Attorney General Jose Antonio Sossa revealed that a trial against alleged drug trafficker Jose Castrillon Henao is under way in the United States on charges of forging visas. Sossa also announced that modifications of the extradition law are being considered to allow Castrillon Henao to stand trial in another country.

Sossa contended that Castrillon lied to obtain a multiple-entry visa to enter the United States and eventually, the U.S. authorities might be able to ask Panama for his extradition.

On 15 September 1995, using the name of Jacinto Natalio Ruiloga Tovar, a Mexican national, Castrillon obtained a U.S. visa, which is valid until the year 2005.

Jose Castrillon Henao also has apartments in San Diego, California, and Miami, valued at $1 million.

Natally I, one of his corporation's vessels, was seized on 18 July 1995, when it was trying to bring 12 tons of cocaine into the United States.

Even though he said that currently, there is no extradition request for Castrillon, Sossa mentioned that the law must be modified to allow for a foreigner, who has a lawsuit pending in Panama, to be extradited before settling his legal situation or serving the sentence he might receive.

In addition, it was indicated that the record of the investigation of the checks donated by Castrillon Henao to the campaign of President Ernesto Perez Balladares will be submitted today to the Drug Prosecutor's Office to ascertain the existence of any drug trafficking crime.

Sossa also said that he did not know whether or not some civic clubs received drug-related donations and warned that if anyone is aware of this, it is that person's duty to tell the authorities.

Meanwhile, the directors of civic organizations described as "baseless" remarks by Francisco Sanchez Cardenas, assistant secretary of the Democratic Revolutionary Party (PRD), regarding the infiltration of drug-related money into these groups.

Telembi Perez, vice president of the 20-30 Club, noted that no one is either aware or has any "proof" whatsoever that confirms the infiltration of narcochecks into Panamanian civic clubs and organizations.

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He explained that concerning Panama's 20-30 Club, most donations are received via accounts from widely prestigious banks and are registered in the Finance Ministry.

Sources from Panama's Rotary Club downplayed the remarks made by the PRD leader and added that the civic clubs are among the few organizations in Panama that have full credibility.

"Implicating the Panamanian civic organizations in illegal actions is beyond reckless," said a spokesman of these organizations.

Panama: Economist Cited on Recession Signs in All Sectors

PA0807010896 Panama City EL PANAMA AMERICA in Spanish 7 Jul 96 p D7

[Report by Jose Hilario Gomez]

[FBIS Translated Text] Economist Rogelio A. Alvarado has said the signs of a recession in all sectors of the Panamanian economy amplified during the first semester of 1996.

A report entitled: "An Evaluation of Industrial Activity," prepared by the Center for Increased Productivity of the Association of Panamanian Industrialists (SIP), estimates Panama's economic growth will barely reach 1 percent.

Alvarado has said the industrial sector will contribute little to the economy's meager performance in 1996 because the industrial sector's gross national product could decline by 0.7 percent.

Official 1996 figures indicate the industrial sector's GNP will increase 0.2 percent, but Alvarado's estimates reveal that the sector could have declined 0.1 percent.

Alvarado has said the following factors could have caused the industrial sector's GNP to decline: a decline in production, fewer jobs, and an increase in production costs as a result of the condition of the external markets.

Moreover, the strikes and social movements throughout the first semester as a response to the policies of the Perez Balladares administration negatively affected the economy's performance.

Alvarado has said that warnings about some of the impending problems were given with "sufficient anticipation" but that the administration has resisted accepting them opportunely.

Alavarado mentions seven reactions to the economic policies, including:

— The businessmen's strike in the Colon Free Zone to demand a revision of the Generalization of Tax Incentives Law.

— Street protests to reject a discussion of the Amnesty Law, drawing reactions from every social sector and violent confrontations with the police.

— Likewise, street protests by retirees and pensioners to demand an increase in pensions "under circumstances in which the Disability, Old Age, and Death Programs resulting in significant, actuarial deficits." The protests achieved a 25 Balboas increase.

In addition, the SIP reports that the fiscal austerity enforced by the comptroller general affects suppliers of goods and services from the private sector.

According to the SIP report, another element preannouncing recession for the Panamanian economy constitutes the statements made by UK and U.S. journals and newspapers about President Perez Balladares' campaign financing with drug money.

Furthermore, there is a warning that the Helms-Burton law affects national exports as well as the Colon Free Zone.

The SIP questions the government's "secrecy" about its negotiations for obtaining admission to the WTO as well as the fact that the government also intends to maintain secret negotiations with other countries, such as Mexico.

In view of these circumstances, Alvarado predicts that the economy, which is slowing down severely, could barely achieve a growth rate of 1 percent by the end of 1996.

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Argentina

Argentina: Group Attacks Residence of Menem's Brother

PA0707165196 Madrid EFE in Spanish 0903 GMT 7 JUl 96

[FBIS Translated Text] Buenos Aires, 7 Jul (EFE) — This morning, an unidentified group attacked the private residence of Senator Eduardo Menem, brother of Argentine President Carlos Menem. A police sergeant was killed and another policeman wounded during the clash.

Senator Menem and his family were not harmed during the attack, which caused panic in [name indistinct] neighborhood in Buenos Aires, where Senator Menem's residence is located.

Argentine Interior Ministry sources said they lacked enough evidence to determine if the attack was a political attempt or an attempted robbery by common criminals.

The attack against Senator Eduardo Menem's residence occurred shortly before midnight and was carried out by five persons in two automobiles. The attackers got away.

Argentine President Carlos Menem, Interior Minister Carlos Corach, and the heads of Argentine security forces held a meeting Sunday morning to determine the motive for the attack.

Interior Minister Corach told reporters that at this moment there is no evidence to determine if the attack was politically motivated or if it was a robbery attempt.

According to police reports, the attackers tried to enter the garage of Senator Menem's residence in two vehicles, but were intercepted by a group of policemen that normally guard the residence.

During the engagement, an Argentine Federal Police sergeant was killed and a policeman wounded.

The two policemen were taken to Pirovano Hospital, where a doctor certified the death of the police sergeant identified as Anibal Sopesa. The other policeman suffered serious wounds.

According to police reports, the attackers used two small arms, a 9-mm and a 45-mm pistol [as published].

During their escape, the attackers crashed against a vehicle that was parked on a side street but continued their escape.

Interior Minister Corach said a "padlock operation" was implemented at all entrances and exits in Buenos Aires to catch the attackers.

Corach added that President Carlos Menem had spoken to his brother several times on the telephone.

Argentina: Di Tella Endorses Current Policy Toward U.S.

PY0507162096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0018 GMT 5 Jul 96

[FBIS Translated Text] Buenos Aires, 4 Jul (NA) — Foreign Minister Guido Di Tella today endorsed the current foreign policy between Argentina and the United States, which has been described as "carnal relations." He noted "the morbid attitude taken by those who want our country to remain a Third World country."

The foreign minister thus rejected the opposition's criticism of Argentina's rapprochement strategy toward the United States that has been marking Argentina since President Carlos Menem's inauguration.

Di Tella made these remarks while closing the Seventh ABRA [Argentine Banking Association] Banking Forum. The forum's second — and last — session was marked by topics involving the relationship between Argentina and the United States.

The Argentine foreign minister also attempted to cover for the absence of Economy Minister Domingo Cavallo at the forum by pointing out that Argentina's current foreign policy "would be impossible without the stability introduced by this economic program." Cavallo is currently touring Canada.

The foreign minister pointed out: "Successful economic policies permit good international relations." He said the key to Argentina's foreign policy lies in the fact that our country "is not jealous of other nations, neither Brazil nor Chile." "We want to complement each other, not to compete," he said.

The main topic raised at ABRA's second — and last — session involved an analysis of the relationship between Argentina and the United States.

During the ABRA forum, Emilio Cardenas, former Argentine ambassador to the United Nations, assessed his performance. He told the NOTICIAS ARGENTINAS news agency: "Even though I am now totally involved in private activities, I am always open to listening to President (Carlos) Menem's proposals."

Deputy Carlos Alvarez (Prepaso) [Front for a Country in Solidarity], Federico Storani (UCR) [Radical Civic Union], and former Senator Jose Octavio Bordon criticized the government's foreign policy.

Alvarez commented ironically on the Argentine Foreign Ministry's policy, as it seems "to project its satisfaction

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in love to the foreign policy area." Alvarez, however, asked "that there not be over-reaction on this matter."

Alvarez noted: "Argentina has to pursue the achievement of our region's unity through Mercosur [Common Market of the South] and not have a misconstrued concept of pragmatism." He also challenged U.S. Ambassador James Cheek's "trade lobbyist [preceding word in English] attitude."

Bordon pointed out: "The best manner for Argentina to enter the international arena involves enhancing the Argentine Government's institutional quality and enhancing legal security."

Bordon noted: "It is necessary to take advantage of our country's enhanced autonomy levels." He also acknowledged the U.S. "international leadership."

Storani described the foreign policy pursued by the Menem administration as "naive" for "unconditionally siding with the United States and believing that this attitude will yield economic benefits."

During ABRA's first session, the bankers reviewed the unemployment problem under the current economic situation. During the second session, the bankers heard all kinds of assessments on the relationship that Argentine should favorably pursue with the United States." [no opening quotation marks as received]

ABRA President Julio Gomez and ABRA Executive Director Adalberto Barbosa also participated in the closing session.

Approximately 300 bankers went to the session hall of a downtown hotel, where the forum was held, to listen to many national and international panelists, who also reviewed the performance of the financial system and the performance of various banking systems in Europe and Latin America.

Argentina: Issues for Menem's Meeting With Clinton Viewed

PY0507161896 Buenos Aires LA PRENSA in Spanish 3 Jul 96 p 7

[FBIS Translated Text] The scandal arising from the irregularities committed in the contracts between the Argentine state and the IBM computer science corporation will be one of the topics for discussion between Argentine President Carlos Menem and U.S. President Bill Clinton during their meeting scheduled for mid-July in U.S. territory.

Menem and Clinton will also discuss the new Mercosur [Common Market of the South] configuration, involving Chile's and Bolivia's association into a free trade zone, and the implementation of the Helms-Burton Law that was promulgated in the United States to strengthen economic sanctions against Cuba and against those countries trading with or investing in that island.

Part of the agenda that the two presidents will discuss at their 15 July meeting in Puerto Rico, and subsequently in Atlanta, will include a follow-up to the Summit of the Americas, especially the mechanisms designed to favor the establishment of a Free Trade Area of the Americas (FTAA), and the struggle against drug trafficking and terrorism.

Argentina: Menem Views U.S. Decision on Visa Requirement

PY0507161696 Buenos Aires TELAM in Spanish 2032 GMT 4 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 4 Jul (TELAM) — President Carlos Menem today described as "a gesture of trustworthiness" towards Argentina the U.S. decision to remove the visa requirement for Argentine citizens who want to enter that country.

During a speech delivered at a ceremony in which the new Peugeot 306, which is manufactured by the Sevel company, was launched, Menem pointed out: "It is not a donation or gesture of generosity, but a gesture of trustworthiness toward a country that has experienced difficult and compromising situations."

The president, who participated in the ceremony at the Sevel plant in Villa Bosch District, also pointed out: "The United States has taken this measure with a mere 22 countries in the world, and that number now includes Argentina. There must be good reason for it." [passage omitted]

Argentina: Cavallo Admits Government To Request IMF Waiver

PY0507183696 Buenos Aires LA PRENSA in Spanish 3 Jul 96 p 8

[FBIS Translated Text] The government is preparing a review of its fiscal goals for the third quarter and will ask the IMF to grant it a "waiver," or pardon, for not fulfilling the goals established for the first half of the year. The review of the goals for the third quarter where mentioned by Economy Minister Domingo Cavallo himself from Canada, where he revealed that the country will ask for a revision after realizing that the figures for tax collections during the first half of the year were below the estimated levels. Cavallo said total collections were only slightly below estimates, although the definitive figures will not be available for a few more days. Cavallo also said that he does not anticipate any problems in the negotiations with the multilateral organization.

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According to the minister, expenditures for the first half of the year were in line with what was anticipated, but revenues were slightly less than what was anticipated.

"We are slightly below the goals established with the IMF, but the difference is not great. This means that we have to review our goals for the next quarter," the minister said, adding that "we do not anticipate any difficulties to obtain a waiver or to renegotiate our goals."

In concrete terms, the letter of intent signed with the IMF at the beginning of the year anticipates an overall deficit of 2.5 billion pesos. The Finance Ministry expected to cover half of this amount with foreign financing and the other half with the proceeds from privatizations.

The anticipated deficit for the first part of the year was 1.475 million pesos and the anticipated deficit of the third quarter was set at 645 million pesos. But now, with tax collections running 500 million pesos below what the Finance Ministry needs and with the economy still showing signs of recession, the economic team has no alternative but to sit down with IMF officials to renegotiate third quarter goals. These figures also indicate that the country will hardly grow at a rate of 5 percent, as Cavallo said repeatedly, and that, in fact, our growth rate will be closer to 2.5 or 3 percent, as was estimated by private consultants.

Economy Ministry officials said that we still had to account for revenues on personal assets and profits. The truth is, however, that people are talking about a deficit greater than 1.6 billion pesos for the first half of the year.

Results

Despite the optimism shown by officials regarding collections through the Personal Assets and Profits Tax, the truth is that total revenues resulting from this tax reached 938 million pesos, not the 1.12 billion pesos expected by the government.

In June revenues totaled 3.953 billion pesos, which includes contributions for debts that fell due on that date, compared to the goal of 4 billion pesos.

Yesterday it was announced that the Treasury received 298,892 reports on personal assets, which is four times more than the 68,458 reports presented last year. The tax department deducted 202.2 million pesos on account of personal assets compared to the 72.8 million pesos collected during 1995.

The tax department, meanwhile, received 736.7 million pesos on account of profits when it expected to collect 750 million pesos.

Argentina: Menem Offers Help to Buenos Aires Mayor-Elect

PY0507173796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2023 GMT 3 Jul 96

[FBIS Translated Text] Twenty-four hours after asking Fernando De la Rua, the brand-new Buenos Aires mayor-elect, "to join in the government's policies," President Carlos Menem today chose a more conciliatory tone and offered to lend "a hand" to the UCR [Radical Civic Union] leader.

Upon meeting De la Rua at the Alvear Palace Hotel within the framework of the opening ceremony of the Seventh Banking Forum of the Argentine Republic, sponsored by ABRA [Argentine Banking Association], Menem chose a wisecrack.

During the first "tete-a-tete" between Menem and De la Rua, after the UCR senator's victory in the Buenos Aires mayoral elections of 30 June, the photographers asked the president to again shake hands with the mayor-elect.

The president smilingly said: "Of course. I will lend a hand to De la Rua whenever it becomes necessary."

Argentina: Nation Said Planning Nuclear Sell-Off

MS0507125996 London FINANCIAL TIMES in English 5 Jul 96 p 5

[Report by David Pilling: "Argentina Plans Nuclear Industry Sell-Off"]

[FBIS Transcribed Text] Many third world countries have privatised their clapped-out telephone systems, aging electricity grids or run-down sewerage works. But none has attempted what Argentina is about to do — hang a "for sale" sign above its nuclear industry.

Congressmen last month began to debate a controversial bill to privatise two working power stations and one unfinished plant, the core of Argentina's nuclear programme which was begun in the 1950s and on which the state has lavished billions of dollars.

But the state has run out of cash. The reason for the sale is to get the private sector to fork out the estimated $600m-$700m (385m-450m pounds) required to finish Atucha II, a 750MW [megawatt] plant that has since 1981 swallowed $2bn of taxpayers' money, but has yet to produce a single therm of energy.

"This is not a privatisation whose objective is to earn the state a lot of money," says Mr Augustin Blanco, former president of Nucleoelectrica Argentina, a body created to run the plants in the lead-up to privatisation. "The fundamental objective is to finish Atucha II."

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In spite of opposition from environmentalists and some politicians, legislation required for the sale — bulldozed through committee stage in June — stands a fair chance of approval by the Peronist-dominated Congress.

The outcome of the privatisation itself is less clear.

Any private group that agreed to finish Atucha II, located 100km north of Buenos Aires, would also be given the operating concession for two working nuclear plants, the aging Atucha I and the more modern Embalse. Cash flows from these two plants, which account for 14 per cent of Argentina's energy consumption, would theoretically pay for Atucha II's completion.

Private operators are believed to be interested in an operating concession for Embalse, an efficient Canadian-designed 648MW plant commissioned in 1984. But most companies are more reticent about operating the older Atucha I, a 340MW plant that has been churning out nuclear energy for two decades.

Atucha-I, designed by Siemens of Germany to meet the government's requirements for a heavy-water plant fuelled by natural uranium, uses technology unknown outside Argentina. Furthermore, the facility requires a refit to prolong its life by another 15 years, at a cost estimated by the government at $15m-$20m, but at much more by several private sector experts.

"The (Atucha) reactor technology is somewhat unknown, which will make the privatisation more difficult," comments an executive of a foreign nuclear group. Private companies are being asked to take on a "job lot" of three very different projects at varied stages of their useful life, he says. "I can understand a potential operator being put off."

Argentina, however, has resisted pressure from potential bidders, including companies from Canada, the U.S., Britain, France and Spain, to offer the plants separately. Without the sweetener of Embalse, the Atucha plants could prove impossible to sell. "The two working plants will generate cash flow to finish Atucha II," says Mr Blanco. "That is the whole point of the privatisation."

Persuading a single consortium to take on three quite separate projects is only part of the battle. Argentina must also develop a formula that limits the private operator's liability for accidents, decommissioning and eventual disposal of fuel. The extent of such liabilities could be determined by environmental legislation passed 30 years from now.

The aborted first attempt to sell nuclear plants in the UK the only other country to try nuclear privatisation — failed, says Mr Blanco, "because the government did not properly evaluate the risks being transferred to the private sector. The British experience taught us to pay more attention to this fundamental question."

Argentina's bill, drafted after receiving advice from Kleinwort Benson, First Boston and the local Banco General de Negocios, stipulates that the private operator take out insurance to cover nuclear accidents up to $80m. Above this amount, the state would pay. The operator would also contribute to a fund over the life of the reactors which would be used by the state for their eventual decommissioning.

If future technology or legislation made decommissioning more expensive than envisaged, the state would pay the additional cost. The same mechanism would be used to finance disposal of high-level waste. In each case, a limited financial burden would be transferred to the private operator, but the state would maintain ultimate responsibility.

The difficulty with the solution, admits Mr Blanco, is "the more costs we unload on the private operator, the less we can expect to earn from the privatisation." Argentine legislators might find it hard to explain to a nationalistic public why Latin America's most sophisticated nuclear industry was being sold off for a pittance.

Objections to introducing the profit motive into such a controversial sector also run deep. "The nuclear industry can't be determined by supply and demand," says Mr Rafael Cambareri, a Radical deputy. "It's a very dangerous industry that, with just one mistake, can cost the lives of millions."

"It doesn't make any difference whether the state or a private operator is running the plants," argues Mr Blanco. "What guarantees safety is having an effective regulatory body."

The debate has been muddied further by articles in the privatisation bill which establish the legal framework for the creation of a dump for high-level nuclear waste. Claims by opposition politicians that the government intends to establish a site in Gastre, in the Patagonian province of Chubut, sparked angry marches last month throughout the region. "We don't want Argentina turned into the world's nuclear rubbish heap," says Mr Cambareri, who represents Chubut in Congress.

The government shows signs of backing down on this point, but some officials say nuclear privatisation would be impossible if potential operators cannot be guaranteed a site for disposal of high-level waste. "Sooner or later the country is going to have to face up to this subject," says Mr Blanco.

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Whether this and other objections will be enough to derail the privatisation is not yet clear. "No one can predict whether this sale will be successful or not," says Mr Blanco. "But there's a good chance we'll pull it off."

Bolivia

Bolivia: Problem of 'Salary Differentials' Case Solved

PY0507173996 La Paz PRESENCIA in Spanish 18 Jun 96 p 7

[FBIS Translated Excerpt] The political parties that make up the government coalition were able yesterday to overcome their differences created by the procedure implemented by the Nationalist Revolutionary Movement (MNR) in the case of 22 deputies who received "salary differentials" by having President Gonzalo Sanchez de Lozada reverse the measure, sending the case to a regular court.

"With the presidential decision, the case will be sent to a regular court so that a judge can decide whether the deputies who received the 'salary differentials' are guilty or innocent," said Miguel Urioste, president of the MBL [Free Bolivia Movement], upon disclosing the result of the meeting, and reassuring that there is no reason for his party to leave the government coalition.

Urioste gave the information in the presence of MNR Executive Secretary Raul Lema Patino; Juan Antonio Chain, executive secretary of the Solidarity Civic Union (UCS); and Nicomedes Sejas of the MRTK-L [Tupac Katari Revolutionary Movement of Liberation], who attended the four-hour meeting with President Sanchez de Lozada.

Urioste said that President Sanchez de Lozada and the MNR leaders "admitted their mistake in the procedure" and noted that points of agreement were reached to allow the Attorney General's Office to send the case to a court. [passage omitted]

Bolivia: News Summary for 3 Jul

96CA0228A (Internet) Bolivian Social Communications Ministry WWW in Spanish 3 Jul 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Front Page News Briefs [passage omitted]

Antidrug Operation in Chapare

One person arrested, 22 cocaine factories and 44 soaking ponds destroyed were the results of the first day of Operation 'Huracan' [Hurricane]. 500 antinarcotics troops took part in the actions conducted in this area of Cochabamba. The operation began yesterday morning.

Contraband Disappears

Of 300 cases of household appliances and cigarettes confiscated, only 65 have reappeared. The smugglers and three customs agents from El Alto have been arrested. El Alto's Prosecution Department was inexplicably involved in this case.

New Congressional Coverup

After approving the 'sobredietas' decision [congressional corruption scandal in which deputies tried to lengthen their government service time to qualify for larger longevity bonuses] with an uncertain quorum and bypassing the law by allowing eight deputies to return to Congress, members of the Chamber of Deputies have again committed another irregularity by settling the "narcoplane" case without a quorum. Bedregal maintains, however, that "everything is in order." [passage omitted]

Political News [passage omitted]

Influence Peddling Charged

Former banker Jorge Cordova, the principal accuser in the "bankconnections" case, yesterday submitted two letters as evidence that the former director of Gonzalo Sanchez de Lozada's election campaign and present minister of privatization, Alfonso Revollo, engaged in influence peddling to authorize the creation of the Banco Sur, which is now bankrupt.

Cordova's attorney, Filiberto Montecinos, presented a petition to the Constitution Commission of the Chamber of Deputies, to which he attached two letters which Revollo had sent Cordova. The first requested the names of people who might hold posts in the public administration, and the other expressed his intentions of maintaining the "relations of cordiality and assistance" existing between the two men. [passage omitted]

Time Wasted in "Narcoplane" Debate

Amidst individual and partisan insults, the government's supporters in Congress have refused to allow the "narcoplane" case to be investigated by the Constitution Commission and the Antinarcotics Commission.

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as they consider the issue closed, despite the opposition's protests and its desperate attempts to have the scandal reconsidered.

The Chamber Resolution bill was presented by MIR [Movement of the Revolutionary Left] Deputy Sergio Medinacelli, who is president of the Antinarcotics Commission; Armando de la Parra for the FRI [Revolutionary Front of the Left], a former member of the commission which investigated the case; Benjamin Miguel for the PDC [Christian Democratic Party]; and by the leader of the ADN [Nationalist Democratic Action] bench in the Chamber of Deputies, Guido Nayar. [passage omitted]

Brazil

Brazil: Mercosur Said Focus of Hemispheric Free-Trade

PY0507204596 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Jul 96 p A2

[From Maria Helena Tachinardi's "My Turn" column: "A Snowball"]

[FBIS Translated Text] Mercosur [Common Market of the South] is bursting into laughter. Immediately after Chile signed a free-trade agreement with the bloc last week, and Bolivia indicated that it will do the same before the end of the year, other Andean countries could not help reacting. Peru and Colombia, which were more distant, have already stated they want to negotiate with Mercosur. Venezuela will undoubtedly come after Bolivia. The Canadians and the Americans are not happy at all with that. They wanted the focus of the hemispheric free-trade zone within NAFTA (made up of the United States, Canada, and Mexico), not within Mercosur.

Brazil: Lampreia Says Chile 'High-Quality' Mercosur Pact

PY0607033596 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jul 96 p A3

[Article by Foreign Minister Luiz Felipe Lampreia: "Mercosur-Chile, a Quality Agreement"]

[FBIS Translated Text] On 25 June, the presidents of member countries of Mercosur [Common Market of the South] and of Chile signed in San Luis an economic complementation agreement designed to create, over a period of eight years, a free trade area among the four Mercosur member countries and Chile. In addition to clearly signaling Chile's endorsement of the open regional proposal promoted by Mercosur in South America, the Mercosur-Chile agreement — which goes into effect in October — entails, from the political and economic standpoint, Chile's virtual association with Mercosur. As a privileged partner, despite not being a signatory of the Asuncion Treaty, Chile will help further the task of building the diplomatic and economic structure embodied by Mercosur. Brazil will continue to move in this direction in its role as "pro tempore" president of Mercosur during the second half of 1996.

In fact, by moving closer to Mercosur, Chile will become a high-quality partner, not only because among the five countries it is the one having the vastest experience in economic stabilization and open competition, but also in terms of its contributions to increasing the flow of trade and investments in the Southern Cone. With a quite diversified economy, a relatively sophisticated market of 14 million consumers, with privileged access to the markets of the Pacific region, and with a surplus in domestic savings that can rapidly be turned into substantial productive investments in Mercosur countries, Chile will markedly extend the trade area today formed by Argentina, Brazil, Paraguay, and Uruguay.

The negotiations that culminated with the free trade association agreement with Chile was long and complex, and rightly so. After all, it was paramount for us to send a message to both our markets and to the international market in general that we were not just conveying a solely political gesture that was devoid of an economic or trade implication; or even worse, that ours was just a rhetorical move. The complexity of the negotiations was a true reflection of the specific interests at play and of the broad scope of trade issues to be covered and enhanced by the agreement. We did not impose deadlines on ourselves, nor did we avail ourselves of subterfuges to reach a final agreement. Logically, as a result of the progress made, we came to a point when we were ready to sign the agreement. Effective October, a 6-percent average tariff will prevail for most products traded between Chile and Mercosur. This tariff will be gradually reduced to zero in eight years.

The Mercosur-Chile agreement has every feature needed for an undertaking to be successful. It is based on mutual interests in the broadest sense of the expression. Trade between each Mercosur member country and Chile should both expand and diversify in both directions — a trade that has already picked up momentum because it has doubled from 1991 ($770 million) to 1995 ($1.8 billion). The agreement has also been instrumental in expanding the potential Mercosur market to 220 million consumers, thus strengthening the scale and size of the economies operating within its fold. Similarly, the agreement will enable Chile to have a broader access to the Mercosur market under better terms than before. Through the agreement, Mercosur has

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found a partner that enjoys international credibility and reliability, and it will give Chile an easy access to numerous investment opportunities that are arising in the four member countries gathered under the customs union, either as a result of the integration process itself or of economic stabilization, opening, and growth that are under way in those countries. This is a tangible proof that open regionalism is a dynamic reality within Mercosur, into which Chile is now being incorporated. Together, the four Mercosur member countries are preparing to move on in their quest for finding new partners, starting with Bolivia, followed by Venezuela — thus reinforcing the notion that Mercosur has a truly South American calling.

Brazil is thus assuming the "pro tempore" presidency of Mercosur under particularly positive prospects. This is good, if we take into account the size and significance of the agenda ahead of us, both in terms of foreign and domestic issues. The Brazilian presidency will be busy and intense and will unfold under the growing interest Mercosur is awakening outside the region. Listed on the foreign agenda is primarily the conclusion of the Bolivian association process, the start of negotiations with Venezuela, the extension to other member countries of every package of agreement individually negotiated with member countries of Aladi [Latin American Integration Association], the furthering of negotiations aimed at forming the Free Trade Area of the Americas (Brazil is scheduled to host the next ministerial meeting of the negotiating process in Belo Horizonte in May 1997), the continuation of negotiations with the EU to start the process outlined under the Framework Cooperation Agreement signed in Madrid in December 1995, and the coordination of actions among Mercosur member countries within the framework of the multilateral trade system established under the aegis of the WTO. On the domestic front, a priority item will be to provide Mercosur member countries with mechanisms to defend themselves against unfair trade practices, a safeguard agreement, a code to defend consumers, and a protocol to guarantee competition within the bloc.

Chile's association with Mercosur and the contribution it is beginning to bring to us will be important in helping us make headway in our agenda to ensure a good performance by Brazil as "pro tempore" president of Mercosur and in ensuring the success of the presidential summit scheduled for 1997 in Fortaleza.

Brazil: Commentator Criticizes Higher Import Tariffs

PY0607012096 Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Jul 96 p 17

[From Guilherme Barros' "Economic Report" column: "Joking Over Safeguards?"]

[FBIS Translated Text] Several sectors have negatively reacted to the announcement by the Ministry of Industry and Commerce that import tariffs on toys will be increased to 70 percent. The measure does not jeopardize the commercial opening process because, in the final analysis, it is a specific case that affects a small sector of the economy. Yet it undoubtedly is another worrisome indication of protectionism, at a time when Brazil faces objections within the WTO over the protection of its automobile industry. Not long ago Brazil adopted safeguards for the textile industry. Economist Marcelo de Paiva Abreu, of the Catholic University of Rio de Janeiro said: "If this becomes a habit, it will become worrisome."

The big question over the safeguards announced on 3 July for the toy sector is: Why have measures not been adopted for Chinese-made toys? China is not even a WTO member. What do U.S.-made toys, or toys from other countries have to do with the fact that the Chinese were dumping and using other inapropriate commercial measures? As Paiva Abreu said: "I am not against protecting industry from commercial damage, but solutions should not be discriminatory."

Measures like the one on toys are always accompanied by claims that hundreds of enterprises being closed, thousands of people being laid off, and so forth. Beyond all doubt, these are strong reasons that justify strong measures. The other side of the matter, however, is usually ignored: The loss that such measures cause to real salaries, like the inevitable increases in prices when competition declines. The clearest interpretation is inflation, which — among other things — also causes unemployment in all sectors. Since the government adopted these safeguards, prices have increased. The same thing happened with cars. The heaviest burden ends up resting on consumers. No invention has so far proven to be more efficient for fighting inflation.

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Brazil: 'Leading Economists' View Threats to Real Plan

PY0507234396 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Jul 96 p A6

[Article by Sandra Gomide from Sao Paulo: "Economists Warn of Real Plan Risks"]

[FBIS Translated Text] Leading economists met in Sao Paulo on 1 July and concluded that the Real Plan — which has been in force for two years — shows at least four traits that represent a risk for its survival. Although macroeconomic indicators show, quite precisely, the economic stabilization plan proceeds successfully, its greatest weaknesses lie in problems that are known to all; among them the volatility of domestic demand, the deficit in external accounts, the lack of control on the fiscal front, and the crisis in the financial system.

Gesner de Oliveira, chairman of the Administrative Council for Economic Defense (Cade) who was assistant economic policy secretary at the Finance Ministry at the time the Real Plan was designed and launched; and his colleague Paulo Nogueira Batista Junior, professor at the Getulio Vargas Foundation (FGV) and former special secretary for economic affairs at the Planning Ministry — believe three basic guidelines must be followed by those responsible for economic policy to reduce these risks as much as possible.

During the meeting at the Konrad-Adenauer-Stiftung Foundation, Oliveira said: "The administration should exert tighter control on government spending so as to avoid a relapse into a budget deficit comparable to last year (which amounted to 5 percent of the GDP). It should also reduce the Brazil Cost [very high cost-benefit ratio compared with other countries] to increase Brazil's competitiveness abroad, which was lost due to the overvaluation of the Real against the dollar following the implementation of the stabilization plan. Furthermore, a complete overhaul of the productive sector is of paramount importance. This is an endeavor in which countries that resumed the path of growth after successfully curbing inflation should become involved."

Ways to enhance industrial competitiveness are the knottiest problems facing Brazil since it is directly related to the rate of exchange between the Real and the dollar — one of the more acrimonious controversies that the Real Plan brought in its wake, which stirs up much discussion between economists, businessmen, and government officials. Economist Luiz Gonzaga de Mello Belluzzo, professor at the Campinas State University (Unicamp), recalled that even the statistics on industrial productivity — which are the starting-point for debating this issue — are outdated and do not portray Brazil's reality.

He stated: "The Cardoso administration believes the exchange rate overvaluation brought about by the Real Plan was offset by a 7- percent annual increase in productivity, but this is not true." Nogueira Batista Junior believes the Real Plan fuelled inflation in dollar terms and reckons prices are now 40 percent higher than they were two years ago.

The analysis of the current trend of foreign investments shows that capital will pour into Brazil in the next few years, which will help to maintain Brazil's external accounts in a more comfortable position than at present, as estimates for the current account deficit oscillate between $18 billion to $20 billion.

The FGV professor alerted the public to the even greater risk of the Brazilian economy becoming dependent on inflows of foreign capital, which may suffer sudden oscillations without advance warning and expose the vulnerability of the economy to a worse evil than the Real Plan. Nogueira Baitsta said: "Fortunately, we have an open market, but we incurred debts in the past for having trusted in those types of capital too much."

A fall in some important economic indicators like defaults, unemployment in Sao Paulo industries, and interest has given some respite as regards the sustainability of the Real Plan in the medium- and long-term. Still, economists are somewhat concerned. This all leads one to conclude that there is no room now for an excessive increase in domestic demand. Nevertheless, any change in the Brazilian market resulting in a more open economy may jeopardize the balance of trade position and the non-consolidated financial structure, as was the case in the second half of 1994.

Brazil: Danger Posed by World Financial Markets Cited

PY0507224696 Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Jul 96 Section 2 p 2

[Commentary by Getulio Vargas Foundation Professor Paulo Nogueira Batista Jr: "Nothing New"]

[FBIS Translated Text] The summit of the Group of 7 in Lyon, from 27 to 29 July, provided the stage for new demonstrations of concern about the potential turbulence of "global" financial markets.

An economic communique signed by the leaders of the seven countries stated that "the globalization of financial markets can create new instability risks," and asked for the adoption of "more efficient and concrete measures" to face them.

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The communique emphasized that the financial area is one of the most complicated aspects of the "globalization" process, noting the need for more supervision over international financial operators, even in the so-called emerging markets.

The French president, who was more emphatic, said that without protection measures, the power of financial markets can have "catastrophic consequences." The IMF managing director said the international banking system is "smashed to pieces."

Brazil is the type of country that must pay particular attention to those matters. This international alert comes in remarkable contrast to the calm, unconcerned atmosphere in our country.

Over the past few years, Brazil has been subjected to an economic policy strategy based on the expected stability of international financial markets.

Because of that, and Brazil being a country of dubious reputation with an unreliable banking system with a Central Bank incapable of exercising the minimum of supervision over financial institutions, our country would be strongly affected by any new international instability.

It would be misleading to imagine that the large Central Bank reserves could preserve us from that type of risk.

Let us look at some figures. Recently, net annual payments on interest and profit remittances amounted to about $10 billion.

The amortization of medium and long-term debts, and the repatriation of direct investment amounts to about $12 billion annually.

In addition, Brazil must permanently honor its short-term liabilities, which surpass $55 billion. Even after deducting the external assets of Brazilian commercial banks, short-term liabilities account for about 70 percent of Central Bank reserves.

Why has this never been mentioned? In the final analysis, these figures are included in official publications that are easily available.

It has never been mentioned for several reasons. First, because incoming funds were more than enough to refinance those liabilities.

Following the panic caused by the Mexican crisis, there was substantial liquidity on the international financial market. In addition, Brazil adopted interest rates quite above international rates, subordinating its exchange rate policy to the acquisition of foreign funds.

Second, because this scheme has been highly profitable for financial interests that operate as a bridge between the Brazilian economy and the "global" financial market.

Those interests have strong influence not only on the definition of the economic policy but on the direction of public debate.

Most economic analysts and journalists state there is no risk of a crisis in the short term.

Those who are more naive hail the participation of Brazil in international financial markets as an indication of the country's prestige and of a new phase of our development.

They forget that since the 19th century, and always with renewed enthusiasm, Brazil has participated in several cycles of foreign indebtedness, so far without visible benefits from the viewpoint of its socioeconomic progress.

A very good memory is not needed. What did the economic officials of the military governments of the 1970's say about the expansive phase of the last of those indebtedness cycles?

When opposition economists like Pedro Malan (no relationship to the current Finance Minister) warned of the dangers of excessive foreign indebtedness, the standard answer was simple: "Nonsense. Debts are not paid, but rescheduled."

We already know what happened in the 1980's: The world financial market entered a restraint phase, causing the famous debt "rescheduling" to collapse. That was the beginning of an economic crisis that lasted more than 10 years.

Well. Without having totally digested the repercussions of the previous indebtedness cycle, Brazil has entered a new phase of problematic involvement with the changing international financial markets.

From our experience, we know that type of movie does not have a happy end.

Brazil: Justice Minister Presents Money Laundering Bill

PY0507185696 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 5 Jul 96

[FBIS Translated Text] The government has issued a draft bill defining the money laundering crime and related punishments. The DIARIO OFICIAL DA UNIAO today publishes the draft bill on money laundering and the concealment of properties, rights, and securities. The draft bill, which is inspired by international experiences, was presented by Justice Minister Nelson Jobim, who

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explains what the crime of money laundering is and the sentences the bill envisions:

[Begin Jobim recording] Money from drug trafficking, terrorism, weapons smuggling, crimes against the public administration, money entering the financial system, the real estate market, the jewelry market, the stock exchange system, or capitalization or insurance companies for the purpose of being transformed into new or clean money, involves the crime of money laundering, which will be punished with a minimum two-year and a maximum five-year prison sentence. [end recording]

Minister Jobim admitted that without an appropriate law punishing this crime, Brazil is currently a very good place for money laundering.

[Begin Jobim recording] If Brazil continues to have a stable economy and reasonable purchasing power without a money laundering law, it will evidently continue being a good place for money laundering. [end recording]

The draft bill will now be discussed by society in public debates. The draft bill will be sent to Congress on 15 August and the government hopes it will be approved by December.

Brazil: Report Urges Stiffer Laws Against Money Laundering

PY0407223796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Jul 96 p 19

[Report by Ilimar Franco]

[FBIS Translated Text] Brasilia — Drug trafficking, arms smuggling, and other illegal activities in Brazil such as tax evasion, account for operations worth $490 billion annually. This amount circulates annually in the domestic banking market, without paying taxes. This estimate, calculated by the Federal Revenue Secretariat, is mentioned in a government report — which was made available to JORNAL DO BRASIL — dealing with the need to adopt stiffer laws to fight money laundering in Brazil.

The report, which serves as background for creation of a government agency that will fight the laundering of illegal money, states that "in light of the economic stability produced by the Real Plan, the existing legal framework will turn Brazil into a focus of criminal organizations, which can operate here with impunity, sheltered by legal secrecy regulations."

The report also analyzes the factors that facilitate the action of drug traffickers, and that the government intends to eliminate through a law punishing the laundering of money. The proposal, which makes more flexible the legal concept of bank and taxation secrecy, and which classifies the laundering of money as a specific crime, will be submitted to Congress by Justice Minister Nelson Jobim on 4 July.

Control — The government will create the Council for Control of Financial Activities (Coaf), which will investigate the financial operations that are suspected of being for money laundering, establishing cooperation mechanisms among the various government control organs.

The report was drawn up by a work group made up of advisers of the Justice, Finance, and Foreign Affairs Ministries, from the Civil Household, and from the Central Bank. It expresses concern about the factors that facilitate the transferring of the operations of international drug cartels — and its related criminal activities — to Brazilian territory. In addition to the "operations of domestic organized crime," the report notes that the world's main cocaine- producing countries are Brazil's neighboring countries. It also mentions the uninhabited zones in the Amazon Region, the lengthy Atlantic coast, and the river network for national and international integration.

The report also notes that Brazil, like the main developed countries, has a complex industrial park that produces the chemical precursors that are essential for producing cocaine. Drug traffickers can also have favorable structural conditions, like "modern port and airport infrastructure, a high-level hotel network, an advanced communications system, and a computerized banking network connected to the world's main financial centers, which permits immediate and safe remittances."

Maneuvers — The report states that the obsolete Brazilian laws "give organized crime a broad margin for maneuvering," protected by the "exacerbated" significance attached to bank and taxation secrecy. The report also criticizes the position of the juridical organs of the executive branch and of the judicial branch itself, with respect to bank and taxation secrecy. Those branches of government "have made exacerbated interpretations in the enforcement of the rules applying to secrecy, overstepping even the intention of lawmakers."

The Brazilian Government intends to fight money laundering, giving Brazilian laws on the subject the same level of severity in force in the United States, Italy, and Spain. As the report puts it, "the economic power produced by the recycling of illegal money has grown to alarming levels, disregarding the law and creating a center of power that threatens the survival of several countries." In the opinion of the Group of 7 — made up of representatives of the world's main

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industrialized countries — drug trafficking accounts for business worth up to $800 billion per year.

Brazil: Industrial Group on Success, Failures of Real Plan

PY0407031996 Sao Paulo AGENCIA ESTADO in Portuguese 2334 GMT 28 Jun 96

[Report by Jo Galazi]

[FBIS Translated Text] Rio de Janeiro, 28 Jun (AE) — In its two years of existence, the Real Plan actually managed to consistently reduce inflation, which in 1996 should not surpass 14 percent. Total salary payments by the industrial sector, corrected for inflation, increased by 11.7 percent since July 1994. Since then, food production has been the only industrial area that has grown consistently: 6.8 percent in the first year of the stabilization program and 8.3 percent in the second, resulting in an accumulated growth rate of 16.4 percent. Consumption of durable goods grew by 20.9 percent, while industrial sales grew by 18.2 percent between the beginning of the Real Plan and April 1996 (the latest available data). During the same period, the processing industry grew by 5 percent. In the 12 months of 1996, the industrial production is expected to grow by 2 percent, a figure that is slightly less than that of 1995, when growth was 1.7 percent.

The figures were obtained from a positive evaluation report on the Real Plan — which on 1 July will complete its second year — that was today made public by Fernando Bezerra, president of the National Confederation of Industry (CNI). Based on a detailed study by the CNI's Economic Department (Dec), he said that the Gross Domestic Product (GDP) this year should grow by 2.5 percent, a figure that is lower than that of last year (4.1 percent), because of the strict credit restriction measures — emphasizing excessive interest rates — which the government adopted to decelerate the economy in 1995.

The set of positive indexes, according to the CNI, must be carefully studied, because many of them, except for the inflation rate, are for the most part the result of the first year of the Real Plan. In the first year of the stabilization plan, i.e. from July 1994 to June 1995, industrial output grew by 10.1 percent whereas from June 1995 to April 1996 (latest available data), industrial output declined by 6 percent precisely on account of the tightening of monetary policy by the Cardoso administration. Nevertheless, with the spectacular expansion recorded in the two first months following the setting into motion of the Real Plan, accrued industrial output increase from July 1994 to April of this year stood at 4 percent. Retail sales climbed by 18.7 percent in the first year of the Real Plan and slumped by 9.2 percent in the second year of the plan. Still, in the two years that have elapsed since the inception of the Real Plan, retail sales registered an expansion of 8.8 percent since the excellent results of the first year offset the disappointing results of the second year.

One of the areas in which the Real Plan has not excelled is employment. According to the CNI, the impact of the stabilization plan on industry was from the start negligible since industrial employment rose by 0.2 percent in the first year and fell by 5.9 percent in the second one. The accrued decline in industrial employment has been 5.9 percent since the launching of the Real Plan. Bezerra is of the opinion that the resumption of economic growth is central to reverse this state of affairs.

The Real Plan has not had a beneficial effect on the sector of capital goods either. This was the only sector that had a negative accrued growth rate during the first two years of the stabilization plan (-4.7 percent). This was due to the nosedive taken in the second year of the plan in which this sector slid by 22.5 percent thus wiping out the first year's expansion of also 22.5 percent.

The CNI pictures a rosier scenario for the second half of the year, in which the economic upswing registered over the last two months will be gaining momentum. It estimates that industrial output will surge by 7 percent, thus resulting in an annual increase of 2 percent. A more conservative scenario for the third and fourth quarter envisages that investments will fall short of expectations and that industrial output will expand by 5.9 percent in the last two quarters of the year, thus giving an annual rate of increase of only 1.2 percent.

According to Bezerra, the consolidation of stability and a sustainable economic upturn hinge on the attainment of fiscal balance and the competitiveness of the Brazilian productive sector. The CNI president nonetheless recalled that the incumbent administration has announced that it is willing to adopt a more pragmatic position trying to make progress in the enactment of laws that do not depend on a constitutional amendment.

Brazil: Timetable for Telecoms Sector Opening Outlined

PY0407182696 Sao Paulo AGENCIA ESTADO in Portuguese 2006 GMT 2 Jul 96

[Report by Ribamar Oliveira]

[FBIS Translated Text] Brasilia, 2 Jul (AE) — The government intends to submit to Congress, in September, a bill creating the organ that will regulate the telecommunication sector. The bill sets forth that the organ will be a

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sort of special autonomous agency, financially independent, and also independent from the executive branch. Its members will perform their duties over five- year periods. During a briefing in the Senate, Communications Minister Sergio Motta today said he hopes the bill will be approved this year.

Motta outlined a timetable for government action in the area of communications. The minister said that the first "macro stage" will be the approval of the bill opening satellite, data transmission, and cellular phone services — the so-called B band — to the private sector. The bill has already been approved by the Chamber of Deputies and it is now in the Senate. After the approval, Motta hopes to start signing the first agreements with the private sector in August.

The government will start the second "macro stage" in September. This stage comprises the sending to Congress and the debate on a bill creating the regulatory organ of the telecommunications sector. The organ, according to Motta, will regulate telecommunications, radio broadcasting, and mail services in Brazil. At the same time, the government hopes to restructure the cellular phone services operated by state-run enterprises, the so-called A band, with a view toward privatization.

Telebras

The government hopes to start restructuring the Telebras [Brazilian Telecommunications, Inc.] system in January 1997 — upon approval of the bill creating the regulatory organ — as the initial measure for privatization of enterprises. This will be the third "macro stage." Sergio Motta declined to give details of the restructuring model or the mechanism for sale of the state-run companies of the Telebras system. The minister told the senators that in the new model of the telecommunications sector, the idea is to leave only "four or five" enterprises, while the sale of state- run enterprises will be concluded "by the end of the first government term of President Fernando Henrique Cardoso."

At the briefing in the Senate, Sergio Motta defended the article in the bill establishing a 49 precent ceiling for the participation of foreign capital in the enterprises that are granted concessions for rendering cellular phone, satellite, and data transmission services. "The Brazilian legislation is one of the world's more liberal legislations," the minister said, adding that "we cannot, however, remain unprotected."

This point did not cause any opposition among the senators. Senator Esperidiao Amin (PPB-SC) [Brazilian Progressive Party-Santa Catarina], for example, advocated the thesis that the ceiling should not be valid only for three years, as is provided for in the bill, noting that it should be an instrument to be used by the executive branch whenever it has to defend the national interest. The bill will suffer some modifications, which will not make it return to the Chamber of Deputies, which has already approved it. The modifications will be requested by Senators Ney Suassuna (PMDB-PB) [Brazilian Deomcratic Movement Party-Paraiba] and Osmar Dias (Independent-PR) [Parana].

Sergio Motta added that the Communications Ministry has 1,500 calls for offers dealing with concessions for radio broadcasting and other services, which will be made public within the next few weeks. "Anyone may participate and try to obtain a concession," he said. The minister has not authorized any new concession in this area since President Cardoso was installed.

Timetable

— July/1996 — Approval of a minimum law that will guarantee the opening of cellular phone, satellite communications, data transmission, and additional services.

— August — Publication of calls for offers for private cellular phone concessions. The country will be divided into seven to nine areas.

— September — Sending to Congress of the General Law on Telecommunications, which, together with the minimum law, will constitute the new Telecommunications Code. This second law will include the regulatory organ for the sector.

— December — Approval of the General Law on Telecommunications, including the regulatory organ.

— January/1997 to December/1998 — Initiation of restructuring of Telebras subsidiaries, which will be regrouped in four or five enterprises. Publication of calls for bids for private exploitation of conventional telephone services, in competition with state-run enterprises; privatization of all services, either cellular or conventional phone services.

Brazil: Roundup of Economic Reports Through 4 Jul

PY0507213096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 4 July.

BASIC LEADING INDICATORS

Unemployment Rate Declines — The Brazilian Institute of Geography and Statistics — IBGE — today released its monthly unemployment survey figures in the six major metropolitan regions of Brazil. The report shows

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that unemployment stood at 5.91 percent in May, compared to 6.03 percent in April, and 6.38 percent in March. The informal job market has played a key role in reducing unemployment to the point that the number of persons working informally increased by 2.4 percent, while that of formally hired workers dropped by 0.2 percent. The unemployment rate of May 1996 was, however, much higher than that of May 1995, when it stood at 4.49 percent. IBGE experts predict that the unemployment rate will continue to decline. They said that the number of unemployed workers in the six regions has dropped by 1.6 percent to 1,022,750 people, while the number of employed workers climbed by 0.7 percent. The Economically Active Population — PEA — in the six regions climbed by 0.6 percent and currently totals 17.3 million people. Even the manufacturing industry, which accounted for the highest number of dismissals during the economic adjustment process, reported a lower unemployment rate in May: Unemployment dropped from 7.84 percent in April to 7.57 percent in May. Compared to May 1995, however, the number of employed industrial workers dropped by 5 percent in May 1996. While the number of unemployed workers continues to be the lowest in the area of services — the rate dropped from 4.73 percent in April to 4.67 percent in May, the unemployment rate rose among construction workers from 5.75 percent in April to 6.56 percent in May. Unemployment dropped in Greater Sao Paulo from 7.09 percent in April to 6.98 percent in May; in Rio de Janeiro, from 4.29 percent to 3.77 percent; and in Porto Alegre, from 6.69 percent to 6.34 percent. In Recife, unemployment rose from 5.98 to 6.46 percent; in Salvador, from 6.91 to 7.04 percent; and in Belo Horizonte, from 4.61 to 5.12 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2107 GMT 3 Jul 97)

Trade Deficit Reported in June — Mauricio Cortes, secretary for foreign trade at the Industry and Commerce Ministry, today announced that while exports totaled $3.84 billion, imports rose to $4.1 billion in June. Thus, there was a $300 million trade deficit last month. Cortes said that the June drop compared to the May figure — when exports totaled $4.506 billion — stemmed primarily from the fact that June has fewer working days than May: There are 21 working days in May; only 19 in June. Cortes also mentioned the negative impact of a six-day strike called by workers of the Rio de Janeiro Docas Company and a technical shutdown at the National Iron and Steel Company, CSN, which reduced the export of laminated sheets by approximately $50 million. He also noted that a delay in soybean exports — through the port of Paranagua — due to adverse weather conditions resulted in a $70 million reduction in revenues compared to that of May. Cortes noted, however, that the daily average export rate has set a record for the month of June: It stood at $202.1 million this year, which is 3.06 percent higher than that of June 1995, when it stood at 196.1 million. In June 1995, exports totaled $4.119 billion, because last year June had 21 working days. During the first half of 1996, Brazilian exports totaled $22.919 billion, which is 6.85 percent higher than that reported during the same period of 1995, when they totaled $21.449 billion. From July 1995 to June 1996, Brazilian exports totaled $47.976 billion, which is 6.87 percent higher than that reported from July 1994 to June 1995, when they totaled $44.893 billion. (Sao Paulo AGENCIA ESTADO in Portuguese 1949 GMT 4 Jul 96)

International Reserves Exceed $61 Billion — Despite using $1.396 billion of its international reserves to make payments on the principal and interest on its foreign debt, Brazilian international reserves totaled more than $61 billion in June. A net inflow of $800 million was reported in June on account of direct investments and loans. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 Jul 96 p A1)

FINANCIAL OPERATIONS

Telebras Announces Profit — Brazilian Telecommunications, Inc., Telebras, today announced that its net profit from January to May 1996 totaled 1.38 billion reals, R. This figure, which is still based on preliminary calculations, is 70.6 percent higher than that of the whole of 1995, when its profit totaled R810 million. The net profit of Telebras and its subsidiaries totaled R1.14 billion during this period. The disclosure of the Telebras profit figures has sent shock waves to the stock markets, causing Telebras shares to markedly increase both at home and abroad. Telebras spokesman Salvador Bento said the profit stemmed from measures designed to cut costs — including the reduction of personnel and of financial expenses — and the increase in service rates implemented since November 1995. He added that the reduction in the Corporate Income Tax rate that went into force in 1995 has also had a positive impact on Telebras' performance. He also mentioned the expansion of telephone lines as a positive factor. During the first quarter, Telebras' profit amounted to R771 million, and together with its subsidiaries, to R648 million. (Sao Paulo AGENCIA ESTADO in Portuguese 2330 GMT 3 Jul 96)

Bankruptcies Rise Under Real Plan — Centralized Banking Services, Inc., Serasa, has reported that, in Sao Paulo, petitions for bankruptcies have increased by 195 percent and petitions for an arrangement with creditors, by 53 percent, under the Real Plan. Serasa compared the period July 1994-June 1995, when 5,076 bankruptcies

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and 230 arrangements with creditors were reported; and the July 1995-June 1996, when 14,990 petitions for bankruptcies and 351 arrangements with creditors were reported. The report shows that the number of arrangements with creditors in the city of Sao Paulo has declined by 33 percent during the first half of 1996 compared to the same period of 1995. Yet, petitions for bankruptcies have increased by 149 percent during the first half of 1996 compared to the same period of 1995: While 7,835 petitions were filed in 1996, only 3,148 petitions were filed in 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 1746 GMT 3 Jul 96)

German Group To Purchase Shipyards — Thyssen, one of the largest German groups, is negotiating the purchase of 51 percent of the Caneco shipyards, which is controlled by Arthur Joao Donato, who for 15 years had served as president of the Rio de Janeiro State Federation of Industries. Jorge Donato, Caneco's main executive, is coordinating the talks. Also taking part in these talks are Marcio Fortes, Rio de Janeiro industry and commerce secretary; and BNDES Vice President Pio Borges. The sale would be part of the new naval restructuring program. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Jul 96 p 20)

FISCAL, MONETARY ISSUES

Central Bank Reports Deficit — Carlos Eduardo Tavares de Andrade, administrative director of the Central Bank, today reported that the Central Bank had a R504 million loss during the first half of 1996. This has been the third time since 1994 in which the BC reported a deficit in its balance sheet. Andrade said that the accrued deficit since 1994 totals approximately R6.5 billion. Andrade noted that the BC may again report a deficit during the second half of this year. The main cause of the BC deficit during the past two years has been the accumulation exchange reserves in conjunction with the need to maintain a restrictive monetary policy. (Sao Paulo AGENCIA ESTADO in Portuguese 2323 GMT 3 Jul 96)

City of Sao Paulo's Debt — According to an official report dated 31 March 1996, 61 percent of the current debt of the Sao Paulo city government; that is, R4 billion, will fall due in the next four years. The city's overall debt amounts to R6 billion. This payment schedule could undermine the chances of Mayor Paulo Maluf's successor to make investments in the city. In 1997, the city will have to disburse R779 million to pay debts; in 1998, R947 million; in 1999, R1.8 billion; and in 2000, R506 million. (Sao Paulo AGENCIA ESTADO in Portuguese 2358 GMT 1 Jul 96)

PRIVATIZATION

CVRD Privatization — Eduardo Azeredo, a member of the Brazilian Social Democracy Party and governor of Minas Gerais, has proposed to the National Bank for Economic and Social Development — BNDES — that 60 percent of the proceeds of the privatization of the Rio Doce Valley Company — CVRD — be handed over to those states in which the CVRD is operating: Minas Gerais, Espirito Santo, Bahia, Para, Sergipe, and Maranhao. In a meeting with BNDES President Luiz Carlos Mendonca de Barros and with privatization director Jose Pio Borges, Azeredo said that a total of R6 billion should be raised through the privatization of the CVRD. Azeredo proposes that the federal administration use the remaining 40 percent of the CVRD proceeds in infrastructure projects in other states. In his opinion, the proceeds should not be earmarked for reducing the public debt. Mendonca de Barros expects to submit the request for privatization of the CVRD to Congress in September or October. The federal administration hopes to privatize the CVRD in February 1997. (Sao Paulo AGENCIA ESTADO in Portuguese 2256 GMT 2 Jul 96)

TRADE ISSUES

Government Raises Import Tariffs — The Brazilian Government has decided to increase import tariffs on a number of products over which Brazilian companies are having problems to compete with foreign contenders. The sharpest increase affects gypsum, which will increase from 4 to 56 percent. Rice will increase from 10 to 22 percent; peaches, from 14 to 40 percent; wine, from 20 to 40 percent; and bycicle parts, from 16 to 35 percent. Foreign Trade Secretary Mauricio Cortes said the increases have already been approved by the member countries of Mercosur, Common Market of the South. He added that these tariffs will be gradually reduced and will return to today's levels by 2001, as provided for in the Common External Tariff. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 3 Jul 96 p 19)

Brazil: Agenda for Congressional Sessions in Jul

PY0307220896 Sao Paulo GAZETA MERCANTIL in Portuguese 28 Jun 96 p A6

[Report by Cesar Felicio]

[FBIS Translated Text] On 27 June, President Fernando Henrique Cardoso summoned Congress for a special period of sessions in July. Those who were expecting a short agenda are surprised: The government has placed 42 topics to be studied by the Chamber of Deputies and

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the Senate within the next 30 days. Only these topics may be addressed in July.

Journalist Renata Verissimo has said Cardoso told reporters: "We want to take advantage of this month to work on all Constitutional reforms, so as to save time, and on other specific topics on which immediate decisions may be made. No decisions will be made on some other topics in July. These were included simply to speed up the computation of time periods, and to progress in the debates."

In other words, just a few agenda topics will be voted on in July and the remainder will be ready for voting in August, if the government plan goes according to expectations.

In the Chamber of Deputies, the first priority is to complete the Social Security reform vote, which should be studied for the second time next week, before going to the Senate during the first half of July. The next step will be to start the voting process on the administrative reform, which has yet to be analyzed by the Chamber's Special Committee prior to a floor voting. The Provisional Tax on Financial Operations (CPMF), which will finance the health sector, is also expected to be approved and promulgated during this period of sessions, because it has already been approved by the Senate.

The Law of Guidelines and Background for Education (LDB), the law that classifies torture crimes, the law creating temporary labor contracts, and the law on compensation for victims of the hemodyalisis treatment of Caruaru (PE) [Pernambuco] may also be approved by the Chamber of Deputies in July. Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo], government leader in the Senate, said the first objective of his bloc in the Senate is to approve on 24 July the law regulating the participation of the private sector in telephone services. The three committees dealing with the topic — the Economic Affairs Committee, the Infrastructure Committee, and the Constitution and Justice Committee — have already agreed to simultaneously study the subject. The proposals by rapporteurs Osmar Dias (independent-PR) [Parana], Hugo Napoleao (PFL-PI) [Piaui], and Ney Suassuna (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba] will be voted on 15 July, while the floor voting will be held on 16 July.

Elcio Alvares believes that "with some effort," it will be possible to complete the voting on the National Transit Code, adding that he hopes the bills to control software piracy and to regulate phone bugging will also be approved.

Other bills were included in the agenda to save time and to accelerate the debate. Among them are all the bills to expedite the land reform, the tax reform, and the constitutional reform that modifies the funds for education.

Surprisingly, the agenda did not include the regulation of the easing of the petroleum monopoly, the creation of the Brazilian Intelligence Agency, or Constitutional amendments to change the editing of provisional measures.

Senate President Jose Sarney (PMDB-AP) [Amapa] was disappointed that the redefinition of rules for editing provisional measures was not included in the agenda for the special period of sessions. The government decided to delay the negotiations.

This decision was made on 27 June at a meeting between President Cardoso and government leaders in the Senate. During the meeting, it was evident there was no consensus.

The group linked to Sarney and with Senator Epitacio Cafeteira (PPB-MA) [Brazilian Progressive Party-Maranhao] refused to agree with any procedure similar to the current mechanism for indefinite reediting of provisional measures. The senators who more closely adhere to the government position have adopted a radically opposite stance: They advocate the return of the decree-law system, which was used during the military regime and which permits the conversion into law of decrees that Congress does not approve within a specific period.

Learning about the agenda for the special period of sessions, Sarney was surprised at the result of the meeting at Planalto Palace, because Cardoso had previously indicated that he would agree to a proposal by the Senate president. To overcome the displeasure caused by this situation, Political Coordination Minister Luiz Carlos Santos has arranged a meeting between Sarney and Cardoso for the beginning of next week.

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SPECIAL PERIOD OF SESSIONS

(Main Topics Proposed by the Government)

CHAMBER OF DEPUTIES

Constitutional Reforms

Topic	Status of Debate	Rapporteur
Social Security	Second floor vote	Michel Temer
Administrative	Special Committee	Moreira Franco
Taxation	Special Committee	Mussa Demes
CPMF	Ready for vote	Andre Puccinelli

Non-Constitutional Topics

Topic	Status of Debate	Rapporteur
LDB	Ready for vote	
Summary proceedings for land reform	Dispute over vote	Jose Luiz Clerot
Prosecution of military policemen by civil courts	Justice Committee	Jose Luiz Clerot
Domestic shipping	Special Committee	Jose Aleluia
Elimination of port tariff surcharge	Justice Committee	Ibrahim Abi Ackel
Temporary labor contract	Ready for vote	Mendonca Filho
IPC [Consumer Price Index] Regulation	Floor session, with urgent status	

SENATE

Non-Constitutional Topics

Topic	Status of Debate	Rapporteur
Cellular Phone Services Provisional Court	Justice Committee	Ney Suassuna
Resolution and Restoration of Land Tenure	Justice Committee	
Statute for Microenterprises	Economic Affairs Committee	Bello Parga
Rural labor contract	Social Affairs Committee	
Telephone bugging	Ready for vote	

Brazil: Complaints About Civilian Household Chief Noted

PY0507203696 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Jul 96 p A6

[From the "Estadao Column" by Cristiana Lobo]

[FBIS Translated Text] The possibility of a cabinet reshuffle is animating the ministries' esplanade, where its effects are felt perhaps even more strongly than in Congress. Attention concentrates in the Civilian Household, not because of ambition for the post of Civilian Household Chief Clovis Carvalho, but because of the wish to at least restructure the role played by this organ. Within the government there is a generalized complaint about the way in which Clovis Carvalho is performing the duty assigned to himself by President Fernando Henrique Cardoso, which is to be the government's second man.

While Carvalho is competent for demanding tasks from his colleagues, he concentrates on form, especially the date for delivery of the work, while devoting little — or almost nothing — to substance. The most commonly mentioned current example concerns the project regulating the easing of the Petrobras [Brazilian Petroleum Corporation] monopoly: it was delivered on schedule, but the proposal was inconsistent with the government's position. The result was that it has for 90 days been shelved at Planalto Palace. The same thing happened with the National Electric Power Energy Agency, a project that was considered very inappropriate, and that had to be totally modified in Congress.

Carvalho is sometimes considered authoritarian. He does not promote internal debate at government meetings, he fosters bureaucracy, and he sometimes shelves ministry proposals.

Only a few people would dare complain to Cardoso about Carvalho's performance, yet many people do.

In conversations with friends, Cardoso admits that he "gave too much power" to Carvalho. Yet at the same time he defends him: He has full confidence in Carvalho, to the extent that he would sign just any document without fully reading it.

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Brazil: Marijuana Farming in Pernambuco Brings Prosperity

96GE0060A Sao Paulo ISTOE in Portuguese 26 Jun 96

[Unattributed article: "The Marijuana Capital" — received via Internet]

[FBIS Translated Text] *ISTOE tells why the region that supplies the Brazilian market does not want drugs to be legalized.]*

Photo captions: Mario Simas Filho and Max Pinto, of the Municipality of Cabrobo, Pernambuco State [photos not reproduced].

In the very heart of the so-called Polygon of Droughts—the most arid and poorest region of Brazil—there is a flourishing oasis of prosperity. It consists of 30 municipalities that encompass 256 small islands in the Sao Francisco River. Workers who formerly earned half a minimum wage in the hardest-hit drought areas now earn the same money from only two days of work. According to the figures of the local unions, unemployment is still around 50 percent of the economically active population, but the fact is that there are towns in the municipalities of Cabrobo, Oroco, and Ibo—on the high hinterland of Pernambuco State—that have no beggars. The streets—almost all of which are unpaved and full of potholes—bear witness to the meager resources of the municipalities. The number of imported cars in the region, however, is an indication that a change has occurred in the life style of the residents of this hinterland. Big money—illegal money—is circulating in the heart of the Polygon of Droughts.

Marijuana is the cash cow that nourishes this area of 25,000 square km, which is twice as large as The Netherlands and has a population of 600,000. The clandestine plantings of the region supply the domestic market and—in the past two years—part of the world market as well. The marijuana capital of Brazil, however, does not want the drug legalized, as is proposed by PV [Green Party] Deputy Fernando Gabeira of Rio de Janeiro State, who advocates the planting of a nonhallucinogenic variety for industrial purposes. His plan calls for the commercial exploitation of hemp—the fiber produced from the stem of the marijuana plant.

Those who are involved in growing marijuana believe that most of the profit generated by the drug derives precisely from its illegality. They comprise an army of approximately 25,000 clandestine workers who are a kind of "marijuana guerrillas." They rarely show their faces to strangers; omit their surnames; and always go around armed.

One day's labor in a cleared area planted to marijuana yields 30 reais (R)—almost 15 times what can be earned from a planting of onions, for example. The numbers are also very favorable for the marijuana grower: the owner of land in the Pernambuco hinterland gets R30 for a 60 kg sack of beans—exactly the same price that a single kilogram of marijuana would bring.

"The government neither finances the growing of food crops, nor does it guarantee a minimum price for them," said Mayor Joao Freire of the municipality of Cabrobo, 568 km from Recife. "Rural landowners are unable to turn their back on marijuana." The mayor of this municipality—which had previously been known as the onion capital of Pernambuco State and is today called the marijuana capital of Brazil—is an example of what is happening in the Pernambuco hinterland. He owns three hectares of land and until 1994 planted beans, corn, and rice. "After the advent of the real," Freire explained, "I stopped growing any food crops, because the income from their sale barely paid the R1,000 monthly electric power bill necessary to keep three irrigation pumps in operation."

"We are opposed to marijuana, but we cannot deny that it has helped to solve social problems in the region," Joao Nenem, president of the Union of Agricultural Workers of Cabrobo, explained. He said that because of the lack of financing to purchase seed, fertilizer, and other producer goods for growing traditional crops, 8,000 farm workers were unemployed: a figure that represented half of the city's farm workers. "Ultimately," Nenem said, "they go to work in the marijuana fields, for otherwise they have to steal in order to care for their families."

The backwoodsman Francisco Fideli, 41 years of age and the father of 11 children, spent March and April unsuccessfully looking for work in the rice fields. He survived with the aid of his neighbors in Vila Beira Rio but did not obtain enough money to buy medicine for an 11-year-old daughter. "All her life she had needed these tablets," the farm worker said. "If she did not take them, she would get a headache and vomit continuously." On 2 May he finally accepted a job offer that involved irrigating one hectare of marijuana. Using the R450 he received after two weeks' labor, Fideli checked his daughter into a hospital in Petrolina, Pernambuco State, but she died on 23 May. At the present time, Fideli and his 15-year-old son Zenildo are harvesting rice on a small area of cleared land near Cabrobo, where each is paid R2.50 for one day's labor. "No more of my children are going to die for lack of medication," he concluded. "If I have to, I shall go back to planting marijuana."

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"We know there is a lot of marijuana here, but it is difficult to locate the plantings," Francisco Coelho, the Cabrobo district police chief, explained. The fact is that you need a helicopter, a boat, or an informant in order to find the marijuana plantings that are dispersed among the islands. Neither the Civil Police nor the Military Police [PM] have any helicopters. The Cabrobo PM have a boat, but its motor is disabled. If it were repaired, it would do little good, because it is too small to navigate the treacherous currents of the Sao Francisco River. Moreover, most of the 26 soldiers who are stationed in the city do not know how to swim. Lieutenant Fiquene, second-in-command of the battalion, confirmed this fact. "They are afraid the boat will capsize and they will all drown," he explained. "I am the only one who can swim, because I learned at the academy."

The only significant control action takes place once a year, when the Federal Police disembark in the hinterland with a cargo of helicopters and boats. "These operations are so well advertised in advance that they are of no use in apprehending anyone," Lieutenant Fiquene explained. Police Chief Coelho said that because the growers are never apprehended flagrante delicto, the land where the marijuana is grown cannot be confiscated for use in connection with the agrarian reform. It is not difficult, however, to discover the identity of the growers. All of the island properties are registered at the city hall and receive the tax notices with regularity. "The difficulty lies in proving that the landowners knew what was being planted on their property," Coelho explained.

ISTOE interviewed Paulo, a farm worker who works on the marijuana plantings in the municipality of Oroco, which adjoins Cabrobo. After working for more than 12 years with the illegal plant, he decided to take reporters and the police to a marijuana planting on Rat Island [Ilha do Rato], which he left in early May because of a quarrel with other farm workers. "I returned only because I was disguised and accompanied by the police," Paulo said. Getting to a marijuana planting is not an easy task. After leaving Cabrobo by auto, about 20 minutes were required to locate a small landing place hidden in the forest on the shore of Assuncao Island, the largest island in the municipality. A masked boatman known to Paulo was waiting at the clandestine landing to take the police to the marijuana plot. A small boat powered by a diesel engine required approximately a half hour to negotiate the rocks and currents of the Sao Francisco River and reach Rat Island, where there was another landing place. An additional 45 minutes was required to discover the clearing where the marijuana was growing. The route they took passed alongside onion fields, crossed several arms of the river, and traversed a heavily forested area. "The people had done everything to make access difficult," Paulo said. "No one entered the clearing without being observed." That was true. Not a single farm worker was working in the approximately 1,000 square meters planted to marijuana when the police arrived, although the ground was still wet. "They fled when they heard the boat's engine," Chief Coelho said.

According to Paulo, each cleared area planted to marijuana employs from six to 15 farm workers. The growers maintain small villages in the middle of the forest where the "marijuana guerrillas" can hide. The peasants are transported by boat to the plantings before daybreak, and the boatman does not return for them until after dark. On Rat Island, Paulo helped the police cut down approximately 2,000 plants of *Cannabis sativa*, which were later incinerated. He explained how the plant is grown. "When grown near the river," he said, "the marijuana plants can yield as many as four harvests per year—more than any other planting yields." They are planted in basins one meter in diameter—each containing four plants—that are dug in the ground. The basins must be irrigated twice a day to enable the seed to sprout, and this is done manually, using buckets.

"When a plant of superior quality is desired, some fertilizer is used," Paulo said, "but this is done only if it is in connection with filling an order." This information confirms the content of a secret report prepared by the Federal Police that notes the presence of organized traffic from Rio de Janeiro in the clandestine plantings of the Northeast. "It is logical to assume that someone is financing these plantings," the Cabrobo mayor said.

The police believe that the illegal growing of marijuana is the principal cause of the increased violence in the region. "This used to be a peaceful municipality, but now a corpse is found almost every month in the middle of the forest," the Cabrobo union leader Nenem said. According to Chief Coelho, these murders usually take place after the police have carried out an operation that destroys thousands of marijuana plants just before they are to be harvested. The planting destroyed by the police on Rat Island was one of the smallest plantings in the region. The extent of marijuana growing in the Pernambuco hinterland is demonstrated by the fact that in only eight operations last year, the police incinerated 1.3 million marijuana plants.

The marijuana is usually baled in bundles of from two to five kg. It is pressed and packed into the middle of truck cargoes that are consigned to centers of consumption. The middleman pays R30 per kg. In Recife, the drug costs as much as R250 per kg, the same price as in Sao Paulo and Rio de Janeiro. According to the

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PM, one hectare of marijuana will bring the grower R100,000. To obtain the same amount of money, the grower would have to plant 257 hectares of beans, or 171 hectares of cotton, or 146 hectares of tomatoes, or 64 hectares of bananas. "This problem must be handled without any preconceptions," Deputy Fernando Gabeira said. "I realize that marijuana is not going to solve all the problems of the Northeast, but it can be a good economic option." The mayor of Cabrobo believes otherwise: in his opinion, the best solution for his region would be a definite government policy of agricultural incentives for the hinterland. "If the government opens a special line of credit to finance the planting of onions," he said, "no one will want to plant marijuana."

Chile

Chile: Russian Deputy Economy Minister Visits

PY0507210896 Santiago LA TERCERA DE LA HORA in Spanish 7 Jul 96 p 22

[FBIS Translated Text] Russian Deputy Economy Minister Ivan Materov is visiting Chile. He said the Russian Parliament will approve the Foreign Investments Law with Chile this year or by 1997 at the latest, and added that the Russian Parliament is currently discussing the bill.

Materov stated that the Russian Parliament "in principle, has no opposition to the agreement." He said that if it is not included on the agenda "it is merely because they do not consider it to be a priority."

Chile: 'Weak Points' of Mercosur Accord Underscored

PY0607032996 Santiago EL MERCURIO in Spanish 4 Jul 96 pp B1, B7

[FBIS Translated Text] The Production and Commerce Confederation [CPC] deems that the accord recently signed by Chile and Mercosur [Common Market of the South] has some weak points, which in the view of the CPC should be overcome at a second stage in negotiations.

According to CPC President Jose Antonio Guzman, it is to be regretted that the service sector should have been included in the integration process with the Southern Cone bloc, especially since our country has not only important assets but also human and technological resources in areas like the construction industry, finances, engineering, and social security, among others.

Furthermore, Guzman voiced concern about the fact that the phasing out of tariffs agreed upon by Chile and Mercosur during negotiations will take such a long time. It should be taken into account that the speediest phasing out of tariffs will take eight years as of the coming into force of the treaty. This could bring about a consolidation of intra-Mercosur trade — due to the significant tariff cuts its members (Argentina, Brazil, Paraguay, and Uruguay) have already implemented — to the detriment of Mercosur cross-border trade with Chile, as most of our products will have to pay a two-digit tariff to enter Mercosur for several years.

In addition, Guzman relayed the private sector's concern about the lack of a clear and objective mechanism for the settlement of controversies in the accord signed with Mercosur.

In mentioning these three shortcomings, it was not the CPC president's intention to criticize the authorities, but rather to call their attention to the challenges facing Chile's dynamic integration with the Southern Cone common market.

Commenting on the benefits Chile will derive from the recently signed accord with Mercosur, Guzman said that the most important one is the maintenance of the reciprocal tariff preferences and the long-standing agreements regulating trade in some products.

The PCP president delivered a speech on "Chile's Commercial Strategy" during a luncheon organized by the Engineers Institute.

According to Guzman, commercial integration through bilateral agreements is compatible with unilateral economic opening.

Guzman said: "While it is important to continue signing treaties, we cannot neglect unilateral opening, which will be instrumental in making Chilean companies more competitive when trading with all countries in the world."

To that effect, the PCP president underscored that imports of inputs and capital goods account for nearly 80 percent of Chile's total imports adding that the price of these items could be considerably reduced if further tariff cuts were enforced.

Guzman added: "The day when a serious proposal for a new tariff cut will be deemed necessary is not far away."

Chile: Lawmakers Condition Ratification of Mercosur Accord

PY0607002596 Santiago EL MERCURIO in Spanish 5 Jul 96 p C3

[FBIS Translated Text] Valparaiso — On 4 July, deputies of the House Agriculture Committee chal-

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lenged the foreign minister — who has said the incumbent administration will not permit the ratification of the accord with Mercosur [Common Market of the South] to be subject to any conditioning — and warned that they will vote against the association treaty unless the authorities adopt countervailing measures to palliate the adverse effects that this integration will have on agricultural sectors.

This was announced by House Agriculture Committee Chairman Jose Garcia Ruminot (RN) [National Renewal Party], who announced that on 10 July, committee members will meet with the deans of the Schools of Agricultural Science of all Chilean universities to hear the proposals that faculty members will put forward for agricultural development within the context of Chile's integration into Mercosur and other commercial integration endeavors.

Opposition congressmen are not the only ones who share Garcia Ruminot's stance. Deputies Jaime Naranjo from the Socialist Party, Felipe Letelier from the Party for Democracy [PPD], and Patricio Melero from UDI [Independent Democratic Union] adopted a similar position and said they would ratify the accord with Mercosur if countervailing measures for the agricultural sector are instituted.

Foreign Minister Jose Miguel Insulza said on 4 July that although the demand by congressmen for measures to prop up agriculture were reasonable, it is unconstitutional to condition the ratification of the treaty with Mercosur on the enactment of those measures.

Naranjo declared that rather than turning this issue into a tug of war between the incumbent administration and the opposition, one should consider the interests of Chile. Within this context, the Socialist deputy said lawmakers should act with full independence in voting for or against the accord.

Naranjo added that there is broad consensus that agriculture will be bear the brunt of Chile's incorporation into Mercosur. He thus deemed it advisable to adopt special measures to support this sector since he believes the ones the executive has implemented and the ones Congress is analyzing are insufficient. The Socialist deputy pointed out: "I accept the foreign minister's opinion, but we congressmen are absolutely free to express our views and I think lawmakers have every right to condition their vote on the adoption of measures to buttress agriculture or any other productive sector."

Garcia Ruminot said that during a meeting with the foreign and economy ministers on 1 July, it was agreed that concurrent to the submission of the accord with Mercosur, the executive would send to Congress measures to support agriculture. The House Agriculture Committee chairman asserted: "The submission of such measures would greatly facilitate matters concerning the accord with Mercosur. If the executive lacks the political will to buttress agriculture, the ratification of the treaty will be difficult."

Garcia Ruminot said he would vote the accord down unless those countervailing measures are implemented.

PPD Deputy Letelier deemed it totally unacceptable for the government to consider what measures it should adopt to offset the difficulties an important sector like agriculture will face only after the signing of the accord with Mercosur. Letelier said: "I totally agree with my colleagues that the executive branch cannot impose on congressmen. I am a member of the Coalition of Parties for Democracy, yet I have the greatest difficulty in understanding the issue of Mercosur because we should have advanced measures to support agriculture before approving Chile's incorporation into Mercosur."

UDI Deputy Melero contended that the Chamber of Deputies should analyze the accord with Mercosur from three angles; namely to analyze the advantages of Chile's present commercial strategy based on bilateral and multilateral agreements; to assess the social and economic impact Mercosur will have on all productive sectors; and to study the adoption of palliative measures or special incentives for those sectors which will be adversely affected or face a slump if the treaty is ratified.

Chile: Supreme Court Admonishes Judge in Guzman Case

PY0507211896 Santiago EL MERCURIO in Spanish 3 Jul 96 pp A1, A12

[FBIS Translated Excerpt] The Supreme Court has decided to privately admonish Appellate Court Judge Santiago Alfredo Pfeiffer Richter over his decision to withdraw from the investigation into the murder of late senator Jaime Guzman. Nevertheless, the Supreme Court decided to withdraw Pfeiffer from the case.

In its ruling, the Supreme Court states that excuses of pressure and harassment raised by Judge Pfeiffer "are no reason to disqualify himself from hearing the case."

They criticized him for having submitted his disqualification to the Supreme Court without having waited the five days established by the law so that the parties may be informed about his decision.

Therefore, they admonished him because Pfeiffer adopted "an incorrect, hasty and careless decision."

In a 12-page resolution, the Supreme Court harshly questions Pfeiffer's decision. This is the aftermath of

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almost three months of investigation on a case of an alleged obstruction of justice by police and Government officials which unleashed a strong political controversy between UDI [Independent Democratic Union] and the CPPD [Coalition of Parties for Democracy] members. [passage omitted]

Judge Raquel Camposano has been assigned to the case. [passage omitted]

Chile: Frei Rejects Espinoza's Request To Commute Sentence

PY0507211096 Santiago EL MERCURIO in Spanish 5 Jul 96 pp C1, C6

[FBIS Translated Excerpt] President Eduardo Frei has rejected the request for a commutation of sentence that was submitted by former Brigadier Pedro Espinoza Bravo, who for one year and 15 days has been serving a prison sentence at the Punta de Peuco special jail for his involvement in the murder of former Foreign Minister Orlando Letelier on 21 September 1976.

Espinoza and retired General Manuel Contreras Sepulveda, director of the disrupted National Intelligence Directorate (DINA), were sentenced for being the instigators of the bomb attack in Washington that killed the former foreign minister of the Popular Unity government. [passage omitted]

Chile: Decrease in Chagas' Disease Detected

96GE0058A Santiago EL MERCURIO in Spanish 31 May 96 p C7

[FBIS Translated Text] A significant decrease in Chagas' disease in children under 10 has been reported by a study conducted by the University of Chile's Department of Parasitology, while the Ministry of Health has discovered an infestation of *vinchucas* [conenose assassin bugs] in the Santiago Metropolitan Region. This is the insect that transmits Chagas' disease.

This information was released by the substitute minister of health, Dr. Fernando Munoz, who said that the study showed that in Vallenar, where 1,016 minors were examined, the rate of positive cases detected had declined from 9.8 percent in 1982 to 1.1 percent; in the Fourth Region, the positive rate had declined from 7.2 to two percent; and in the Fifth Region, from 5.2 to 1.9 percent.

The minister's report indicated that through this program designed definitively to eradicate Chagas' disease from Chile by the year 2000, they have found positive areas within the Metropolitan Region, that is, areas where the *vinchuca* is present. Such areas were reported in Tiltil, Colina, Lampa, Alhue, San Pedro, Pirque, and Curacavi.

Characteristics

While Chagas' disease is present in almost all of Central and South America, its epidemiological manifestations and characteristics vary greatly from one endemic zone to another. Both the disease and the insect that transmits it are associated with substandard housing and sanitation. The exposed population in Chile is estimated to be about 500,000 people. The vector, the *vinchuca*, is generally found in rural areas, and as an exception, in the periphery of urban areas.

The parasite that produces the disease is *Trypanosoma cruzi*. It may be transmitted to human beings through a bite by the *vinchuca*, by transfusions, congenitally, by infection in a laboratory, or during research.

An insect bite is the most common form of transmission. At night the insect crawls down walls or drops from the ceiling onto its victim.

It generally bites exposed areas of the face or extremities, introducing its stinger under the skin. The person feels nothing because the insect's saliva contains anesthetic and anticoagulant substances. Complications do not appear immediately, and the disease is only manifested belatedly, even years later, through gastrointestinal changes, tachycardia, or lymph node inflammation.

Dr. Munoz said that five months after the start of the program, they had examined 2,900 households from the First to the Sixth Regions to determine the areas where Chagas' disease is prevalent. Cases that appear positive are being treated while awaiting final diagnoses.

In addition, in order to avoid spreading Chagas' disease by blood transfusions, in all public and private blood banks of the First and Sixth Regions mandatory serological analyses of blood donors have been begun, and those which appear positive are rejected.

An informational pamphlet has been distributed to the Health Services on the manner and time in which households should be treated. Instead of one annual treatment, they recommend conducting treatments twice a year, in October and April, the periods when the insect is active.

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Colombia

Colombia: Samper Defends 'Sovereign Right' on Drug War

PA0707010096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 6 Jul 96

[From "The Latest News" newscast]

[FBIS Translated Text] The most significant news this evening refers to President Ernesto Samper's statements in Yerbabuena, located in the northern section of Santa Fe de Bogota. With regard to U.S. cooperation in the struggle against drugs, Samper asserted that the country will not surrender its sovereign right to wage its own fight. During a news conference, Samper explained that his administration is willing to accept aid from any country wishing to give it, as long as the basic principles that govern relations between two countries are respected.

Samper affirmed that the drug trafficking issue is subject to interpretation and can lead to rifts between Colombia and the United States. He added that there are many reasons at this time to maintain good relations with the United States, because they could (?deteriorate) and lead to a break and the implementation of sanctions. In addition, Samper stated that Colombian justice is in peril of becoming politicized, reacting to the harsh criticism from former Assistant Prosecutor General Adolfo Salamanca during an international meeting on corruption, policy, and justice.

Colombia: Samper Turns Down U.S. Extradition Request

PA0607033596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 6 Jul 96

[Report by Raul Gutierrez from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] President Ernesto Samper today replied to the United States, stating he cannot possibly grant the ill-timed request to extradite four Colombian drug traffickers. He added that the government is not opposed to reopening a debate on the issue, provided it is profound and peaceful.

President Samper believes that the extradition is an issue that deals with the protection of human rights, and he reiterated that he will not grant the U.S. request to extradite four Colombian drug traffickers, including Cali Cartel kingpins Gilberto and Miguel Rodriguez Orejuela.

[Begin Samper recording] Although the extradition treaty with the United States is in effect, it is clear that there has never existed a law that allows for granting this request; and it is even more clear that, if the law were approved today, it would be against the Constitution and it would have to be declared unconstitutional. [end recording]

The extradition issue will not be brought before Congress for the time being. However, it will be insisted there that norms should be issued to increase criminals' sentences and to seize their assets.

[Begin Samper recording] Extradition is not the only instrument that we have to combat drug trafficking. [end recording]

Some people suggest that, when the extradition debate is resumed, the issue of a possible implementation of the treaty with the United States should be brought before the International Court of Justice at The Hague.

Colombia: Government Not To Change U.S. Accord Timetable

PA0607032396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0218 GMT 6 Jul 96

[FBIS Translated Text] Santa Fe de Bogota — Colombia has notified that it will not suspend or modify the timetable of the bilateral economic agreement with the United States. Foreign Trade Minister Morris Harf asked not to mix, for example, the issue of aviation differences with decertification, or the difference that have arisen with the United States on the topic of drugs. He said that the government will reactivate bilateral commission negotiations with Washington to get quota exemptions for such products as sugar, flowers, and bananas, without losing the European market. In commercial matters nothing is locked up with the United States, and in this connection, it is not good to mix the American Airlines case with the main relations.

Colombia: Samper Authorizes Debate on Extradition

PA0507184196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Jul 96

[From the "National Newscast"]

[FBIS Translated Text] Here is Ana Fernanda Valderrama with an up to the minute report on the extradition issue from Narino Palace.

[Valderrama] President Ernesto Samper said a few minutes ago he gives the green light to a debate in Colombia on the extradition issue:

[Begin Samper recording] My government does not oppose a resumption of this debate even though it is aware of the risks involved. We will authorize this

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debate as long as it is a serious, peaceful, wise, and democratic procedure. Today, as we commemorate the first five years of the drafting of the new Constitution, it is appropriate to refresh and review the debates as well as the arguments and circumstances that have led its authors to eliminate extradition. [end recording]

[Valderrama] President Samper has said that although the government is not opposed to the debate, it will not endorse it, because it is an unconstitutional issue.

Colombia: Vice President Views Crisis, Ties With U.S.

BR0507143396 Madrid ABC in Spanish 5 Jul 96 p 46

[Unattributed report: "De La Calle Announces at Home That He Will Leave Madrid Embassy 'Very Soon'"]

[FBIS Translated Text] Santa Fe de Bogota — Colombia's ambassador to Spain and vice president, Humberto de la Calle, confirmed yesterday that he will leave Madrid "very soon." He called the situation in Colombia "worrying and distressing." De la Calle said he had notified his president of this and added that the situation in the country is more delicate and difficult "than they think" in Spain.

"The level of polarization is more acute than had been suspected," De la Calle said. "Businessmen," he added, "are very concerned and everything that has happened with the United States in recent days worries people, making Colombians anxious." "I see," he stressed in a reference to the crisis facing his country, "a complex and worrying framework, I might call distressing." The crisis "is very acute," he stressed, revealing that he had told [President] Samper that he was thinking "of returning, because the job has been done and I want to be in Colombia."

"I was under the illusion," he added, "that the crisis was less serious then I had been told, but it runs very deep," he told Radio Cadena Nacional (RCN). He announced that he was going to Madrid "to wind up pending matters at the embassy and, although he could not give a specific date, the decision has been made." When asked if he would return around September, he said that he will "probably" leave the diplomatic legation in the Spanish capital during that month.

Colombia: Polls Says 70 Percent Reject Extradition

PA0807024296 Santa Fe de Bogota EL TIEMPO in Spanish 7 Jul 96

[Received via Internet]

[FBIS Translated Text] Approximately 70 percent of the people polled by the firm Yankelovich Acevedo and Associates disagree with extradition. Furthermore, the same number of people believe extradition would be accompanied by narco-terrorism. This percentage increases when they are questioned about whether the Rodriguez brothers should be turned over to U.S. justice.

Ernesto Samper and Bill Clinton are equally blamed in this country for the deterioration of Colombian-U.S. relations.

Yankelovich Acevedo and Associates' survey has monitored this Solomonic inclination. EL TIEMPO has hired this firm to gauge the effects triggered by the existing tensions between Washington and Santa Fe de Bogota.

The balance is distorted, however, when people are asked whether they believe the White House is seeking to "overthrow" Samper. While 81 percent of the people polled say "yes," barely 17 percent say "no."

Moreover, the Colombian public apparently does not welcome the daily claims Nicholas Burns, U.S. State Department spokesman, and U.S. Ambassador to Colombia Myles Frechette are making. Most people polled (75.1 percent) disagree with the possible extradition of brothers Miguel and Gilberto Rodriguez Orejuela.

Even in general terms, we can observe an acute rejection of the extradition of Colombian nationals. A total of 68.9 percent of the people polled have said they disagree with the idea of reestablishing the proviso drug traffickers dread the most: their being turned over to U.S. justice.

This trend remains the same when we compare the results of this survey with those of the one published in our 23 June edition (before U.S. Attorney General Janet Reno made a formal request).

It is evident the rejection of extradition is linked to fear as a factor, because both percentage rates are alike. When people are questioned whether reestablishing extradition also would be marked with the onset of narco-terrorism, 68.4 percent say yes.

As for perception, the Foreign Ministry is right when it warns, as it did in its communique last week, of the increasing radicalization of an "anti-U.S. feeling." With good reason, because U.S. Ambassador Frechette's image is considered "bad" by 49 percent, favorable by 7 percent, and "regular" by 34 percent of the people polled.

There are other variables that add up to this perception: 27 percent say they reject the United States, while 5 percent speak of feeling "hatred" for this nation. The percentage rate is approximately 21 percent within the range of those who are indifferent.

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The "rejection" option was chosen by a larger number (46.1 percent) of the people from rank six (those having the highest income) compared to 33.6 percent of the people from rank two.

Nationalistic Appeal

President Samper has said if the recent case against him had not succeeded in forcing him out, much less would pressures from abroad succeed in forcing him out.

Interior Minister Horacio Serpa has sought to awaken the anti- U.S. feeling that has remained dormant among many Colombian nationals since the days of Panama's separation. His efforts have not been useless.

If this appeal is related to the data provided by the survey on the apparent anti-North American feeling and the poor image Clinton administration officials could have in Colombia, it could be concluded that this sentiment is alive again. The fact is that 47.8 percent of those polled have characterized the U.S. position for Colombia as "totally unjust," 26 percent have called it "arbitrary," and only 6 percent have found it fully justified. If we were to decide that "totally unjust" and "arbitrary" are compatible concepts, we have by adding these two percentages a very significant 73.8 percent.

The survey makes clear that the way Samper is managing his foreign policy for Washington does not enjoy full acceptance. When asked for an adjective to describe this handling, 31 percent have chosen the option "bad," and 43 percent have picked "unexceptional."

This is no simple matter, however, that can be kept in the confines of mathematics and statistics.

The community in general views with concern the crisis in bilateral relations and, particularly, the possibility of the United States imposing economic sanctions. Those who are "very concerned," "concerned," and "moderately concerned" represent 70 percent, according to the survey held in six cities: Santa Fe de Bogota, Cali, Medellin, Barranquilla, Bucaramanga, and Cartagena. The percentage of those who have said the matter does not represent for them any kind of concern was barely above 10 percent.

The biggest concern is in the higher echelons where it is obvious there is a vital interest in the relations with the United States.

The people accuse the United States of trying "to pull out" Samper, but when consulted on the specific issue of possible sanctions, the result of the survey changes significantly. When the people were asked whether Samper should resign if the United States were to apply the sanctions, 43.4 percent have said yes.

There was a no answer from 54.2 percent of the people, but a 4 percent margin of error permits making the difference relative and places the issue into polarization grounds. If the figures are right, this means a difference of opinion, Samper, who has said half the country is against him, has admitted. Now that the parliamentarian phase of Case 8,000 has concluded, it could be thought that those in favor of the president leaving have moved their field of action from the legal arena to the political turf of relations with Washington.

President Samper has said: "I do not need a U.S. visa to govern the country."

Minister Serpa, when asked whether he is concerned the United States may suspend his authorization to enter that country, responds: "If they withdraw my visa, I still have no problem going to San Gil or Barrancabermeja."

It would seem obvious that the visa issue concerns only people who have the privilege of going to the United States, but the survey has a surprise: It reveals that 66.5 percent would not care if they were to be denied a visa to enter that country. Adding the figures, we find that 39 percent do not care and that those who "care," "care much," "care normally," and "care little" represent 60 percent.

Colombia: Samper Confident on Airline Dispute With U.S.

PA0707024596 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 6 Jul 96

[From the "The Latest News" newscast]

[FBIS Translated Text] Santa Fe de Bogota — President Ernesto Samper said today that he is optimistic about reaching an agreement with the U.S. Department of Transportation to gaurantee adequate service on the Santa Fe de Bogota-New York route. The statement follows the announcement that Avianca's operations will be restricted because of Colombia's refusal to allow American Airlines to fly this route.

The head of state said the Colombian Government has thought about denouncing the bilateral aeronautics treaty with the United States, as one of the options. However, he explained, we expect the options for negotiation that still exist — not only the ones included in the treaty but also the ones we have been establishing with the airlines that have been affected by this situation — will allow us to reach an agreement that does not compel us to denounce the treaty.

Samper Pizano insisted: We have not considered denouncing the treaty for the time being because we are still optimistic. We believe we can reach an agreement

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with the airlines and the U.S. authorities to guarantee adequate service on this route, which is currently being disputed by various companies.

Colombia: Trade Minister Denies Report on U.S. Sanctions

PA0307123796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 3 Jul 96

[Report by anchor Fanny Stella Pallares; from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Ambassador Frechette said the statements by Foreign Trade Minister Morris Harf that there would be no sanctions against Colombia were not true. Minister Harf responded from Venezuela:

[Begin recording] [Harf] First of all, I would like to say that the U.S. Government has stated it has no intention of enforcing commercial and economic sanctions, because it believes that Colombia and the United States are very good trade partners and they want to maintain those good trade relations.

[Unidentified reporter] But this means that there will be no U.S. sanctions against Colombia. It is said that there could be some sanctions at a given moment.

[Harf] The U.S. authorities have stated they have no intention of enforcing commercial and economic sanctions against Colombia. I believe that the terms you mention, stated by any U.S. official, are not, is not, diplomatic language and I would rather not comment on this. [end recording]

Colombia: Businessmen Urge 'Calm' With Respect to U.S.

PA0407042896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Jul 96

[Reprot by Fanny Stalla Pallares; from the "24 Hours" newscast; monitored from a live relay by Lima Sistema Unido de Retransmision; passages within quotation marks are recorded]

[FBIS Translated Text] Economic authorities and business associations on 3 July recommended remaining calm with respect to relations with the United States and stressed that they are not unaware of the scope of the problem.

In light of the position the U.S. Government has taken, business associations maintained that it is necessary to remain calm and negotiate, even though they do not understand why the United States wants to practice diplomacy with its fists.

[Cesar Gonzalez, president of Banks and Financial Institutions Association] "We Colombians sometimes send very clear signs that are shielded by an armor plate, which seems more like an eggshell."

[Juan Manuel Ospina, president of Association of Colombian Farmers] "We must remain calm. I believe that the manner in which the Colombian situation is being handled is disrespectful. I believe that, as a bishop said, unfortunately, we are politically weak."

In light of the likelihood of an implementation of trade sanctions against Colombia, economic authorities believe that the problem will have no effect on the exchange. In addition, industrialists say it is a worrisome situation.

[Miguel Urrutia, manager of the Bank of the Republic] "In principle, this is not a problem that has an effect on the exchange."

[Hernan Puyo, vice president of the National Association of Industrialists] "As we are competing, our competitiveness with third countries with regard to exports seems to be weak."

Meanwhile, the government is confident that there will be no sanctions, but that the country must be prepared.

Colombia: Prominent Citizens React to U.S. 'Agenda'

PA0307122496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 2 Jul 96

[Report by Alberto Medina Lopez, from the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television; passages within quotation marks are recorded]

[FBIS Translated Text] The so-called U.S. Agenda for Colombia has generated many reactions. We have spoken with analysts and former foreign ministers.

As some analysts see it, the Frechette agenda is interventionist both commercially and diplomatically, but in the thorny issue of the struggle against drug-trafficking there are reasons for the agenda to exist.

[William Ramirez, member of the Political Affairs Institute] "We cannot hide behind fake and shaky national sovereignty notions to avoid compliance with our international commitment to fight crime, especially when the crime crosses national boundaries."

The essence of the problem is poor management of our relations.

[Jaime Zuluaga, political analyst] "Our ambassadors are not professional diplomats and putting diplomacy in the hands of politicians is a serious error."

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This is why experts believe that knowledge of the agenda must serve to find ways out. Former Foreign Minister Diego Uribe Vargas has made the first proposal in this regard.

[Uribe Vargas] "We could send a high-level delegation, possibly with former ambassadors to Washington, to fix this through negotiations and dialogue."

The Friends of Washington Commission would be composed of Jaime Garcia, Julio Cesar Turbay Ayala, Rodrigo Lloreda, and Hernan Echavarria.

Former Colombian Ambassador to the United States Carlos Lleras de la Fuente has just said with regard to the Colombian-United States crisis that he does not believe there is any 20-point agenda.

[Lleras] "This has created a weary atmosphere. I do not know what objective Ambassador Frechette or anybody else could have had in leaking some subjects that appear on that list. This, of course, is annoying. It annoys all the Colombian people. It annoys honest Colombians who would like to see lively, active, and friendly relations between the two countries."

[Reporter] "Leaking this to the media without having first discussed it through diplomatic channels is, in your opinion, pressure?"

[Lleras] "It could be pressure, but self-defeating pressure because it creates among the Colombian people a feeling of annoyance against the United States. This is something we have carefully tried to prevent. I think that for the Colombian and the U.S. Governments it is important that the anti-North American feelings of the 1960's do not re-emerge."

Colombia: Envoy to Mexico To Appeal U.S. Decision on Visa

PA0407205196 Mexico City LA JORNADA in Spanish 4 Jul 96

[Article by David Aponte]

[FBIS Translated Text] Colombian Ambassador to Mexico Gustavo de Greiff Restrepo has said the Washington Government has begun a dirty war against Colombia, Bolivia, Peru, and Mexico with "false accusations" on matters of drug trafficking, despite the efforts carried out by these nations to fight the drug trafficking networks.

The White House is exerting pressure and launching accusations about possible connections to the drug trafficking cartels. There is so much corruption among U.S. authorities, however, that the drug is reaching the streets of the biggest cities in that nation. "They are accusing others for the same crimes they themselves commit," he said.

"Or is it that the U.S. authorities are so dumb that the drug passes under their noses without them being able to see it or smell it?" he asked.

The former Colombian prosecutor general said he believes Washington will intensify this dirty war.

"There will be all kinds of sanctions, all kinds of dirt, but I believe they are going to face the same things they faced in Vietnam: first they sent advisers, then they sent 5,000 troops, then 100,000 troops, and finally 500,000 troops, until they became convinced that the war could not be won that way.

"The war against drugs cannot be won that way, in a repressive manner, with unilateral U.S. sanctions against the (producer or transit) nations. At any rate, the United Nations should evaluate the performance of countries in the fight against drug trafficking," he said.

Interviewed at the Colombian Embassy, he said he will appeal the U.S. Government's decision to revoke his U.S. visa in the U.S. courts. "I am not fighting for the restoration of the immigration document, but the grounds for the accusation" about suspicions of his connections to drug traffickers, he said.

To this effect, three U.S. civil rights organizations will take the case of the Colombian ambassador to the courts, he said.

De Greiff explained that the White House instituted the accusation against him "with paid or invented witnesses." The U.S. Administration carried out a "monstrous dirty war to discredit me and to prevent me from blazing trails, from sowing the seeds of the legalization (of the production and sale of drugs). It is also a war against Colombia, because they want to have submissive servants, who can do repressive work, which is the not the appropriate task."

The diplomat is of the opinion that the legalization of the sale of drugs, the legalization of the production of drugs accompanied by programs or campaigns to discourage consumption, and education on the effects of its consumption would allow us to put an end to the corruption. Likewise, he has insisted that the repressive policy of the United States toward the producer and transit nations is not the most advisable thing to do.

"I support the legalization of drugs, but I also support the idea that if the world does not accept it and prefers repression in a sovereign decision by all countries, what we have to do is to be more effective in the fight against drug trafficking, in the repressive fight through the

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cooperation of countries that have this problem, instead of blaming each other, instead of imposing sanctions, and instead of issuing unilateral decertifications.

"It must not be said that the legalization is the equivalent of surrendering to the enemy. No, that is not surrendering. It is adopting a better strategy to fight the adversary," he said.

With these measures, "we would be avoiding this dirty war, all of the things that have been happening to our countries, to Colombia to a large extent, to Bolivia, to Peru, and to Mexico, which unfortunately is a transit country, because the consumption is there (in the United States) and not in our countries. All of this could be avoided, but they refuse to listen or to talk about that," he said.

Because of my position, the U.S. authorities are trying to "discredit me; they consider anything I say on the fight against drug trafficking to be garbage," he added.

[LA JORNADA] Is the U.S. Government acting in an irrational manner?

[De Greiff] I do not have the slightest doubt, and I ask myself if it is not because of a feeling of guilt. I ask: Where is the guilt?

In that they are promoting the business with their big market of consumers. Why? Because of the loss of values in U.S. society.

De Greiff, who was the Colombian prosecutor general from 1 July 1992 to 18 August 1994, said the U.S. Government "does not want him" because he has always told "the truth" to that country's officials.

Colombia: Prosecutor General Favors Extradition

PA0507173496 Santa Fe de Bogota EL TIEMPO in Spanish 4 Jul 96

[Received via Internet]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso yesterday said he was decidedly in favor of Colombians dealing with the extradition issue, and assuming all of its consequences.

He trusts that Congress will study the extradition issue head on as one of the legislative reforms which the country can use to strike drug trafficking effectively.

Valdivieso repeated that much of the effectiveness of the struggle against drug trafficking is based on the possibility of restoring the extradition of drug traffickers now that Colombians have become conscious of the narcocorruption scourge.

According to Valdivieso, "the country is too seasoned" to continue to think that the threats of possible terrorist acts can influence the decision of the government on this issue.

"We are aware that we should not allow ourselves to be threatened. Colombians are too mature to allow those threats to prosper. The country needs freedom, it needs independence to discuss those issues," Valdivieso said.

Valdivieso opposes a possible referendum regarding extradition. "It is much more important for Congress to address the issue and that a referendum be discussed only after there is consensus on the possibility of extradition, but a referendum is not a solution to the country's current situation," Valdivieso said.

Valdivieso made these comments during the inauguration of the "Corruption, Politics, and Justice" conference sponsored by the Millennium Foundation which U.S., Spanish, Italian, French, and Swiss prosecutors and judges will attend until today.

While Valdivieso was making these comments to reporters, in the other end of the main room, Justice Minister Carlos Medellin was telling reporters that the extradition issue "was not on the administration's agenda."

"We are currently obsessed with the legislative revision that will be submitted to Congress to fight drug traffickers. No consideration has been given as to whether the extradition treaty is rejected or the Constitution is amended because of the extradition issue," Medellin said.

However, Medellin said it will be impossible to approve the proposals before 30 September, as proposed by the U.S. Government.

Medellin said "the administration cannot accept any deadline for reasons of sovereignty. It is impossible to approve these proposals in a month. We believe they will be approved before the end of the year."

Meanwhile, Assistant Prosecutor General Adolfo Salamanca described the administration's position as a new "smoke screen" which seeks to avoid a debate on the political corruption existing in the country. "The administration has complete authority to challenge any country regarding any undue interference, but it is trying to spread a "smoke screen" over Colombian political corruption.

State Council President Daniel Suarez said the political aspect of the extradition issue should be handled by the president, because he is responsible for foreign relations issues.

The Scandals

During the inauguration of the conference, which Vice President Humberto de la Calle will close today, Mil-

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lennium Foundation Director Hector Riveros described the 1990's as the decade of political scandals.

Here, Riveros included President Ernesto Samper's case next to the cases of Giulio Andreotti, and Bettino Craxi, in Italy; Carlos Andres Perez, in Venezuela; the Salinas de Gortari brothers, in Mexico; the Gals, in Spain; and Whitewater, in the United States.

"Seldom has one seen in different countries, simultaneously, the spectacle of a gang of lawbreakers loudly calling for a state of law, due process, and presumed innocence, words that have become trivial from constant repetitions to gain solidarity, while they use their power to buy judges, intimidate the opposition, and silence the witnesses," Rivero said.

Valdivieso's speech was followed by those by Phillipe Heymann, former deputy prosecutor of the United states, Spanish judge Baltazar Garzon, and Colombian political analyst Fernando Cepeda, and others, who warned of the dangers lurking over democracies because of the "ill" effects of corruption at all levels.

Colombia: Serpa Says Assistant Prosecutor 'Irresponsible'

PA0607045996 Mexico City NOTIMEX in Spanish 2053 GMT 5 Jul 96

[FBIS Translated Excerpt] Santa Fe de Bogota, 5 Jul (NOTIMEX) — The Colombian Government today termed as irresponsible Colombian Assistant Prosecutor Adolfo Salamanca, who addressed judges from all over the world last night and said the case against President Ernesto Samper "is a monument to shamelessness."

Colombian Interior Minister Horacio Serpa said: "I think those statements are offensive and enormously grave." He accused the judicial official of "maintaining a hostile attitude against the government and Congress."

At the closure of the World Summit of Prosecutors Against Corruption, which met for two days at the Colombian capital and which concluded last night, Salamanca said the congressmen who exonerated Samper of drug trafficking charges are "accomplices to the crime."

The Chamber of Representatives closed the process against the Colombian president, with 111 votes in favor and 43 against, three weeks ago when it failed to find sufficient evidence to charge him with allowing the use of drug trafficking money to enter his political campaign.

In statements to journalists on Friday, Serpa criticized the assistant prosecutor's attitude because, he said, "he is a judicial official who must respect and abide by the judges' rulings, even if he does not agree with them."

"It would be the same as if any other authority disowned decisions adopted by the Prosecutor General's OFfice and questioned them in public," the minister stated. He said he will ask Prosecutor General Alfonso Valdivieso to evaluate the position adopted by his subordinate. [passage omitted]

"His attitude against the government and congress is permanent, repetitive, and irresponsible," Serpa said. He believes that Salamanca's behavior must be evaluated to determine if his continuation in that office is advisable.

The assistant prosecutor's statements occur at a time when the Colombian president has announced he will submit a constitutional reform for review by the Chamber. The reform calls for limiting the authority of the Prosecutor General's Office.

Colombia: Tulena Urges Dismissal of Assistant Prosecutor

PA0507161796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 5 Jul 96

[Telephone interview with Congress President Julio Cesar Guerra Tulena by Dario Arizmendi, Edgar Artunduaga, Judith Sarminento, and an unidentified reporter in Santa Fe de Bogota — live]

[FBIS Translated Text] [Arizmendi] How does Congress President Julio Cesar Guerra Tulena react to the statements Assistant Prosecutor General Adolfo Salamanca Correa made yesterday at an international forum of prosecutors? Salamanca described as disgraceful the proceedings against President Ernesto Samper Pizano at the Chamber of Representatives. He also described them as a monument to shamelessness. Dr. Guerra Tulena, good morning.

[Guerra] Good morning, Dario. The truth is that the disgraceful thing is to see Assistant Prosecutor Adolfo Salamanca, whom I do not know personally, employ that language to speak as the assistant prosecutor general of the republic. I really do not understand how the prosecutor general retains Salamanca in that post. Salamanca was hostile, aggressive, and challenging. His challenge does not greatly upset me, because I have been publicly stating for a long time that what the Colombian crisis needs is a confrontation of powers so that we truly have a profound a crisis and we can sit down to negotiate what it is the country needs. That is for sure.

I feel that Salamanca is setting the example. I hope the Congress of the Republic that is at the head of the whole crisis, each one of its members in the Senate and the Chamber of Representatives, at least the immense majority, which I estimate to be over 180 congressmen, counting senators and representatives,

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take as an example this challenge by Salamanca so that we can start aligning ourselves starting on 20 July.

[Artunduaga] Dr. Guerra Tulena, is this challenge by Salamanca his own doing, or does he have the endorsement of or does the prosecutor general concur with this viewpoint? What must Mr. Salamanca's superior say or do?

[Guerra] Edgar, one sits down with the prosecutor general, and one listens, observes, analyzes, and understands him to be a conciliating person. Considering Salamanca's remarks, the prosecutor general's silence, his failure to give an explanation to the country regarding the conduct of this prosecutor, and also considering the nature of this forum, a forum that, by the way, excluded many sectors of the Colombian society and institutions, one necessarily has to think the prosecutor general agrees with his immediate assistant, who is his assistant prosecutor general. What else can the people think? I am not greatly upset by this, because I repeat and reiterate: Congressmen have to be thinking seriously of holding on tight to their seats so that starting on 20 July there is no slackening in the Congress.

[Reporter] Dr. Guerra Tulena, the big question regarding the assistant prosecutor general is who is overseeing him, why is he is contemptuous of the rule of law? What institutions oversee him and what institutions can file a suit against him for his attitude?

[Guerra] I would like to tell you something that I have also been saying for a long time, even before the narcorider [narcomico]. This is the only country in the world that has a Prosecutor General's Office under those conditions. Who oversees him? Who sanctions him? Who supervises him? Nobody! You listen to remarks by the prosecutor general on the occasion of a letter the president sent to him, and one... [pauses] at least I personally think the prosecutor general also adopted a defiant attitude. He told the president he had the wrong addressee. It is as if we had another authority parallel to the chief of state, who is the chief of public administration in Colombia, and that means the chief of the three state branches. Nobody can be above the president.

I do think that it is worthwhile to tell the president, Dario, from these news media, from Caracol, that he should begin to take actions that denote authority. He should make his opinion prevail. He should tell the prosecutor general to dismiss the assistant prosecutor general, or else, he should block the Prosecutor General's Office. That would be an action by the chief of state. Or is the president afraid? The immense majority of Colombians will support him.

[Sarmiento] From the standpoint of the image and impact, does this coincide with the suit for breach of trust filed by a citizens watchdog commission against those who voted to shelve the proceedings against the president?

[Guerra] Judith, I think these are desperate acts. Dr. Enrique Parejo has that obsession. Since he has experience in law, he was justice minister, let him do that. I do not think the Supreme Court of Justice will fall for that ploy and contribute to all these desperate acts. The legislative branch is state branch. It fulfilled its function as established in the Constitution. The rest are just desperate acts, and I hope this does not go beyond that.

[Arizmendi] When you challenge the president to take actions that denote power, to demand the dismissal of the assistant prosecutor general, since he will have the support of the Colombian people, according to what you have just said, are you inviting the president to stage a coup d'etat on the Prosecutor General's Office?

[Guerra] I am not saying a coup d'etat. I am saying the president should take over his obligations as the head of state, as the chief of the public administration in Colombia, as the chief of the three state branches in Colombia. That is the constitutional and legal meaning of what I am saying. That is what I am inviting the president to do, or else I am indeed going to believe that governability has begun to be cast into doubt by all Colombians. The president has an opportunity here. As I have said before, I have been saying that this is the only country in the world where the Prosecutor General's Office is an island and has an autonomous and sovereign power above that of the head of state, whereas in other countries of the world they are subordinate to the executive branch.

Colombia: Terrorists Torch 9 Medellin Buses in 24 Hours

PA0607032196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0205 GMT 6 Jul 96

[Report by Jairo Calle Conejo from Medellin]

[FBIS Translated Text] Medellin — Alleged militia members set on fire another urban service bus in northeastern Medellin, thus bringing the number of buses burned by terrorists in the Aburra Valley to nine in less than 24 hours.

Authorities reported that the incident took place on 50th [word indistinct] and 120th Street in the city's northeast. Hooded armed men intercepted and set on fire a bus affiliated with Aranjuez-Santa Cruz Transports. Damage to the bus was estimated at 25 million pesos. The terrorist upsurge resulted this Friday in a 50-percent

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reduction in urban transportation in Medellin by regular and small buses, especially to and from the populous communities to the northeast and northwest.

Colombia: Medellin Cartel Leader Released After 5 Years

PA0607024896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 6 Jul 96

[Report by Diego Alonso Sanchez and Roxana Navarro from Itagui, and Alvaro Ayala from Santa Fe de Bogota; from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Excerpt] [Sanchez] Jorge Luis Ochoa Vasquez, once considered the second most important man in the defunct Medellin cartel, left Itagui Prison today minutes before 1700 and amid strict security measures. His release documents were signed at 1500 by a third criminal judge, and two motorcades left the prison at 1650 to mislead the media. [passage omitted]

Jorge Luis, 46 years old, was the second Ochoa Vasquez brother to turn himself in to Colombian justice, based on sentence reduction decrees, on 15 January 1991. He was sentenced to serve 100 months for drug trafficking, illegal enrichment, and conspiracy, but he got a 15-month reduction due to a papal benefit and 15 months for work and studies, thus serving a sentence of only 1,968 days, which ended today amid his relatives' euphoria. This newscast was able to learn Juan that David Ochoa Vasquez will be released in two months; and, Fabio, the youngest member of the Ochoa Vasquez clan, will be released in four months. [passage omitted]

Colombia: Ochoa's Release Said 'Mockery of Justice'

PA0607044896 Madrid EFE in Spanish 0137 GMT 6 Jul 96

[FBIS Translated Text] Santa Fe de Bogota, 5 Jul (EFE) — Colombian Defense Minister Juan Carlos Esguerra and Justice Minister Carlos Medellin said today that the release of drug trafficker Jorge Luis Ochoa Vasquez, who left prison after serving less that six years, is "a mockery of justice" that should worry the entire country.

The two ministers have been the only high-raking Colombian Government officials who have stated for the record to newspapers their disapproval of the "capo's" release.

Ochoa led a family group known as the "Ochoa Clan," which was associated with the dismantled Medellin cartel, led by the late "narcoterrorist" Pablo Escobar. Ochoa left prison Friday afternoon after serving his sentence.

The capo served five years, five months, and 19 days. He was condemned in 1991 to 100 months in prison for drug trafficking, conspiracy, and illegal enrichment, but legal benefits [beneficios legales] reduced his sentence to 34 months and nine days.

The justice minister expressed his regret, "because it is serious," that in this country, sentences are not commensurate to the harm criminals and heads of criminal organizations have caused.

"I have a feeling, somehow, that many things have been mocked and I believe that all good Colombians should be upset about this situation," added Medellin.

The minister alluded to a surrender policy put into effect during the Cesar Gaviria government (1990-1994), which establishes sentence reductions for surrendering and confessing to crimes.

Medellin told Bogota journalists that those were the conditions that the country accepted and that were not questioned at the time. He trusts that Ochoa's release from prison will not affect the country's image or that of the government abroad.

"I hope this brings us positive consequences, because the situation is very complicated," said the minister, who has prepared a series of reforms to this surrender policy. These will be considered by Congress in its next legislative period.

The freeing of Ochoa had already been considered as "regrettable" by U.S. Ambassador to Colombia Myles Frechette, who believes that the time served by drug traffickers in this country bears no relation to the seriousness of their crimes.

Colombian Defense Minister Juan Carlos Esguerra also considered "capo" Ochoa's release from prison as "a mockery of justice."

"This shows the urgency to review and reform the surrender to justice system, because those norms cannot end up allowing justice to be mocked," the defense minister said.

Colombia: Alleged Drug Cartel Leader Ramirez Arrested

PA0407223096 Madrid EFE in Spanish 0105 GMT 4 Jul 96

[FBIS Translated Text] Santa Fe de Bogota, 3 Jul (EFE) — Alleged Colombian "capo" Luis Enrique Ramirez Murillo, whose cartel controlled the cocaine route between his country and Mexico, used to send

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400 million pesos (aproximately $373,830) a day to his two main front men, police authorities affirmed in Santa Fe de Bogota.

The amount of the transactions was established during the "Frutales II" [Fruit Trees II] operation that searched companies and houses in Santa Fe de Bogota with connections to Ramirez.

The authorities accused the alleged mafia boss, known as "Micky," who was captured two weeks ago in this city, of heading a cartel established in the country's northern area, which controls a drug trafficking route that used Mexico as a transshipment point.

General Luis Enrique Montenegro, National Police deputy director, told reporters here that 29 raids were conducted during this operation mostly on companies suspected of having ties to Ramirez.

Montenegro said that the searches made it possible to determine that "Micky" distributed a total of 200 million pesos a day (approximately $186,915) to each one of his major front men, whom the general identified as Liborio Baquero and Luis Antonio Rincon Gomez.

A well-known restaurant in Santa Fe de Bogota and the law firm of lawyer Marcelo Salamanca, who according to the police chief has been implicated in the U.S. "Piedra Angular" [Cornerstone] drug operation, were also searched.

Participating in the "Frutales II" operation were elite police forces and members of the Prosecutor General's Office, who are investigating the activities of the alleged "capo."

Colombia: Money Laundering Said To Affect All Sectors

PA0407224396 Santa Fe de Bogota EL ESPECTADOR in Spanish 30 Jun 96 p 3A

[Report by Javier Dario Restrepo]

[FBIS Translated Text] U.S. Ambassador Myles Frechette's letter addressed to the Banking Superintendency is not a threat, but an order, because according to Clinton's interpretation of the national security doctrine, everything that favors the position of drug traffickers one way or another affects the security of the United States. This doctrine, which allows the United States to blacklist 250 persons and to persecute banks that deal with them, without legal formalities, opens the doors to U.S. interference in almost every aspect of Colombian life, taking into account that substantial amounts of drug trafficking money enter Colombia each year.

Experts disagree on this issue, but the estimated income from drug trafficking varies between $2 billion to $5 billion, 1.5 times greater than the nation's revenues from coffee. Some economists maintain that almost all that money, laundered and legalized, enters and circulates in the national economy to such an extent that in the 1980's, thanks to that money, Colombia managed to pay its foreign debt without having to refinance it.

Between 1975 and 1984, the Bank of the Republic maintained a /sinister window/ [words between slantlines published in italics] open to purchase U.S. dollars without investigating their origin. National acceptance of lawlessness was such that the authors of a University of Los Andes study wrote: "The open support for lawlessness has become so widespread that property registration is obstructed, tax surveillance is eluded, and transactions in cash and in dollars are commonplace. Such activities are far beyond what a society can accept." Under these circumstances, the restrictions that the United States is placing on the banks is insignificant when compared to the abundance of money flooding other sectors of the economy.

A drug trafficker's preferred asset is real estate. In a recent Cali Real Estate Market report, drug traffickers' assets were estimated at $300 million in properties, and $550 million in agro- industrial properties. The law has confiscated 127,000 hectares from drug traffickers and has had to return 77 percent of these lands to them because of the legal impossibility of retaining the properties. These assets represent 10.6 percent of drug traffickers' annual investments in Colombia. The biggest investment — equivalent to 50 percent of drug trafficking profits — goes into contraband. These investments total $2.2 billion per year. One smuggler introduced six times more computer hardware than IBM, and two times more hardware than imported by Acer.

An estimated $620 million is invested in real estate, and investments in construction reached 20 percent of the total sector's activities in Cali. It is believed that drug traffickers have financed 5 percent of the nations's total construction.

All these activities that allow money laundering would have to be intervened for the same motives Ambassador Frechette used to transmit to the Banking Superintendency President Clinton's executive order No. 12978, which would mean foreign interference in almost every economic aspect of Colombian life. A group of University of Los Andes researchers described what the situation in Colombia would be like in the hypothetical scenario that drug money was eradicated in Colombia: the Gross Domestic Product (GDP) would drop by 4 percent, and the balance of payments deficit would in-

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crease by $1.3 billion! This is reason for concern, but not for as much concern as caused by the situation in the United States, where, according to a BUSINESS WEEK study, the financial sector alone launders over $300 billion a year, and where, according to Democratic Senator Henry Gonzalez, "attempts to control money laundering have failed." What the United States does not understand and what is not too clear in Colombia, is how a war that the U.S. Government has lost in its won territory can be waged successfully in another country. Moreover, since it would mean that, in addition to the banks, almost the entire national economy would have to be intervened.

Colombia: International Tribunal on Drug Problem Urged

PA0407160496 Santa Fe de Bogota EL ESPECTADOR in Spanish 30 Jun 96 p 2A

[Editorial: "In Search of a Worldwide Solution"]

[FBIS Translated Text] If we admit, as it is admitted all over the world, that drug trafficking has extended throughout the world and that producer or consumer countries can in no way escape its origins and consequences, the eradication of this scourge must also be sought within a worldwide context.

What our governments or nations should in no way accept is a unilateral accusation, much less the unrestrained intervention of those who seek to lecture us on the way to enforce justice.

Referring to this, the attitude assumed by the U.S. attorney general, turned interpreter of the existence or lack of existence of an international treaty, is strange to say the least.

The attitude adopted by the assistant prosecutor general of the nation — who termed possible and acceptable U.S. commando raids to forcibly preclude trials against some people involved in the drug trafficking process — is even more reprehensible from the basic viewpoint of loyalty to the homeland. The current position is far removed from the still unforgotten times when the U.S. flag was publicly burned in repudiation of U.S. foreign policy.

We only have to remember the attitude adopted by the directors of this newspaper when, upon request from President Cesar Gaviria, we impugned the bill for submission to justice for indisputable legal reasons; we also predicted the dire consequences of its adoption. However, hours after we issued our wise warnings, we were surprised to see the unfortunate bill, insistently modified by the public and decisive intervention of the Medellin Cartel's lawyers, become an executive decree.

Since we have a case history on the shady process concerning the existence and extensive propagation of drug trafficking, the logical, consistent, wise, and legal thing would be to counter the problem in its worldwide context; no country, no matter how powerful it may be, should seek to assume the role of judge of the situation or use current circumstances to enforce its own justice beyond its borders.

Regarding this, it is essential that the world's nations affected by drug trafficking be summoned. They should study the proposal to create an international tribunal dedicated to the analysis of facts under the most strict legal norms, without the supremacy of any state or nation and with qualified and carefully selected judges and jointly approved legislation for the subsequent effects. In addition, the high tribunal's headquarters should be established in a country free of external pressure, for example: France, Spain, or Germany.

Meanwhile, our goverment has announced that a series of bills will be submitted to Congress with the intention of coordinating the struggle against drug trafficking in an efficient manner that leads to the eradication of this terrible scourge.

Therefore, it is essential that our chambers assume the analysis of this issue with patriotic zeal, setting aside personal interests, and they should solemnly swear to the country they will counter the abnormal situation in strict accordance with the law and in a highly ethical manner.

Colombia: Serpa as 'Political Phenomenon' Discussed

96SM0408A Santa Fe de Bogota SEMANA in Spanish 25 Jun 96

[Unattributed article: "His Mustache Has Grown" — received via Internet]

[FBIS Translated Text] Following the absolution of President Samper by the House of Representatives, the current political issue in Colombia right now has a proper name and is straightforwardly being called Horacio Serpa Uribe.

The logical outcome of the so-called Case 8,000 should have been the repudiation of the Liberal Party as a party, of political machinery as a system, and of the persons who managed Ernesto Samper's campaign as individuals. None of which occurred, however. On the contrary, Serpa, the very symbol of these three elements, is now shaping up as a potential presidential candidate for 1998.

Paradoxically enough, at a time when the three biggest problems facing the country are polarization, moral

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decadence, and tension in relations with the United States, a man who is "subjudice" is turning into a political phenomenon. This is a man who stands a chance of losing his American visa and who, in addition, polarizes Colombians even more than Ernesto Samper himself!

How can such a phenomenon be explained? How can politics become so illogical? These are just a few of the questions that Colombians are asking themselves as they watch in amazement as the former "bum" turns into a staunch, upright man.

The explanation seems to lie in the fact that only now is the country beginning to assimilate the changes that have occurred in political life as a result of Case 8,000. Tensions that arose and were fanned by the latter in the course of the controversy between Samper's defenders and his opponents have changed the traditional makeup of political forces in the country.

A great deal is now being said about these tensions in terms of the conflict between the rich and the poor, the provinces and Bogota, so-called social liberalism and neoliberalism, and so on down the line. Such tensions had always existed, but were further accentuated by Case 8,000. Nor did the government fail to exploit them to the fullest, filling the city's squares to pound home the same theme: that the entire problem revolving around the president amounted to no more than a reaction to his social policy, a confrontation with neoliberals, and that the obsession over Case 8,000 existed only in Bogota, not the provinces.

One of the consequences of this realignment of forces has been the Serpa phenomenon. Whether true or false—a debate that no longer matters—the obvious fact now is that the country is polarized and that the minister is surrounded by groups which believe that he represents the poor, social liberalism, and the provinces.

Revenge of Party Machinery

Even so, while these may be the conditions that form the backdrop to Serpa's political ascent, there is one concrete phenomenon that has been the driving force behind the entire process, a force that could be called the revenge of "the machinery." If one analyzes the most recent years in Colombian political life, one can conclude that they have been characterized by a confrontation between the traditional political class and the forces of renewal seeking to take its place. Initially, it was a matter of Galanism against the official ruling party. Then, under the Constituent Congress, renewal was sought through a revocation of Congress' mandate and a ban on members of Congress becoming ministers or ambassadors. Simultaneously, the phenomenon of the "kinder" emerged and grew stronger, a breeding ground for a privileged elite of technocrats under the age of 35 who, from their posts as "advisers" and "consultants," have enjoyed very substantial power over the past ten years.

This transfer of power has the political class seething with resentment. It is no fun for an old-timer provincial boss to be kept waiting in an outer office so that he may beg for a post from a 30-year-old Harvard graduate holding a master's degree who does not have a single vote and who considers the favor a trifle. These small-town politicians who travel the dusty highways and need the bureaucracy to keep their voters happy are tired of being labeled by media types as "sapsuckers" and "patronage hawkers" and of being turned into symbols of Colombian corruption.

All of these tensions were intensified during Case 8,000 by the problem of narcopolitics. Regional bosses, the ones forced to coexist with drug trafficking in their departments, felt branded by a group they view as no more than a moralist fringe not familiar with the socioeconomic realities of the provinces. Embroiled in a dirty money scandal, because of the defense they gave of their acts, Samper and Serpa ended up vindicating an entire political class which for that very reason came to their defense.

Moreover, it is precisely that political class—the machinery—which feels that, by virtue of Samper's absolution, it has won and has decided to wage its great battle, staking everything it has left on Horacio Serpa. This attitude on the part of Liberal politicians is no more than a cry of rebellion against what they consider to be a historic injustice, having found in Case 8,000 a rallying point. Serpa capitalized on this very dissatisfaction and now wants to apply the implacable law of victory. Now that Samper has been absolved, the baton has been passed to him and he has set the presidency as his goal.

No one can deny that the very basis for Horacio Serpa's strength is a buildup of social resentment seeking vindication. Why did he become the standardbearer of these frustrations? First of all, because Colombia's very essence is violence, and Serpa embodies the history of violence in our country. His home base of political action has always been Barrancabermeja and the Magdalena Medio area that is a microcosm of every of violence existing in Colombia today. In such a milieu, phenomena such as guerrilla warfare, paramilitarism, drug trafficking, and kidnapping are the daily fare.

The current minister of interior has lived through and endured such phenomena throughout his public life. He knows the essence and nature of these problems

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as well as those involved in them do. Serpa knows how a drug trafficker, guerrilla soldier, paramilitary, or even a kidnapper thinks. Likewise, at different times and under different circumstances, he has worked with them as allies or enemies. As an independent attorney, he defended dozens of guerrilla soldiers. As a small town politician or Gaviria's peace adviser, he confronted the FARC [Revolutionary Armed Forces of Colombia] and ELN [Army of National Liberation] across the bargaining table, and even faced a public death threat from Father Perez. As Barco's minister of government, he castigated and fought the paramilitaries and, as Samper's minister of interior, met with the leaders of these groups to discuss a negotiated settlement.

Two Horacios

Because of this background, two Horacio Serpas exist. One is the man who defends human rights and who has the credentials to seek peace in Colombia. The other is the Serpa who frightens the establishment, the leftist populist with a thirst for social retaliation, the subjudice minister linked to Case 8,000, the demagogue inclined to incite class struggle and heighten tensions with the United States. Finally, this is the man who represents the greatest threat to the establishment since Jorge Eliecer Gaitan and General Rojas Pinilla.

This perception may be simplistic, but it is nonetheless real. So great is Serpa's political stature and so great certain sectors' fear that he may come to power that the mere fact of taking up an anti-Serpa position inflates the person occupying it. Many thus throng to just such a position. Anyone managing to engage in a contest with Serpa will enjoy great support. The possibility that a grouping of all those opposing Serpa becoming the second-largest political force in Colombia should not be ruled out. If the 1994 elections demonstrated anything at all, it is that it takes a lot of money to become president. Furthermore, economic power in Colombia today is quite anti-Serpa. Nevertheless, capital is pragmatic, tending to shift toward those enjoying a real possibility of winning. Horacio Serpa does have a base enjoying the sympathies of the the current government's allies, sectors among which his vertical, loyal position has earned him respect.

Man of Paradoxes

Serpa is a man of many paradoxes. He began his political career as a renewer, but is now the symbol of political machinery. Despite his background as an honest, clean man, he is embroiled in the biggest drug corruption scandal in Colombian politics. Nevertheless, despite this fact, he has demonstrated that he is an intelligent, coherent man who acts as a buffer and calls a spade a spade.

His outspoken nature has often brought him problems, however. The most serious of all was when he challenged the moral authority of Hernan Echavarria Olozaga with respect to drug trafficking, calling him a "doddering old 90-year-old." The characterization could not detract from two obvious facts: The Antioquia entrepreneur had three members of his family kidnapped by Pablo Escobar and one of them was murdered. According to testimony given by Santiago Medina and Fernando Botero, Serpa was the person who thought up the distribution to Samper campaign officials of the 3.2 billion pesos from the Rodriguez Orejuela brothers. Serpa claims he did not know where the funds came from. Like Echavarria, many Colombians are not so convinced of these explanations and are ready to pass the bill to the winners of Case 8,000.

One thing stands out about Serpa, however: He, Ernesto Samper and Fernando Botero are the only persons in the entire world who know the truth about what really happened with the financing of the Liberal campaign that carried Samper to the presidency. All signs would seem to indicate that, like the other two, he will take his secret to the grave.

No One Perfect

Although everyone recognizes that this Santander politician enjoys undeniable political leadership, no such consensus exists concerning the viability of his candidacy. Despite his connection with Samperism, Serpa is the the anti-establishment candidate, and this has always been an uphill battle. At a time when national reconciliation is the country's top priority, the current minister of interior is the Colombian who divides people the most. And if the reconciliation of Colombians is important, it is no less important with the United States.

Moreover, although Serpa may be one of the top experts on the problem of violence, he lacks knowledge of and experience in economics and international politics. Even though a president cannot be an expert on everything, a gap on these two fronts is an enormous liability. In addition, his political fate cannot be dissaciated from that of Ernesto Samper. Just as the two are riding a wave this week, there is no guarantee that this state of affairs will continue for two more years. The country's economic outlook is very negative. Both the Samper government and Serpa's candidacy must go hand in hand with the economic situation.

And yet, none of these factors may be the greatest obstacle that Horacio Serpa will face in reaching Narino Palace. There is another that looms even larger: the

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possibility that the prosecutors to the Supreme Court of Justice in charge of his case will accuse him of the common crime of concealment and, by their decision, with the stroke of a pen, truncate his political career. This could happen over the course of the next three months. Paradoxically enough, the man who could put him in jail is also a native of the coastal region, a lifelong friend and political exile: Alfonso Valdivieso Sarmiento.

Finally, Serpa's candidacy will depend on the nation's prosecutor general. Consequently, just as in the course of one month Horacio Serpa Uribe went from being a potential jailbird to being a candidate for the presidency, these possibilities may be reversed at any time. While awaiting clarification of the situation, the minister of interior, who expects to retire in July, thinks about the presidency and tells himself, "Sounds good, sounds good!"

A Man From Barranca

Horacio Serpa Uribe was born in Bucaramanga on 4 January 1943. His father, Jose Serpa, was what some would call a low-ranking clerk. From the latter's marriage to Rosa Uribe, a schoolteacher, seven children would be born, the second of them becoming the current minister of interior. The Serpa Uribe family lived in the Modelo district, the first one built by the ICT [Territorial Credit Institute] in the capital of Santander. They managed to make ends meet with nothing left over.

Serpa earned his high school diploma from the same Santander school that was then turning out hard-core leftists, including Jaime Arenas and Ricardo Lara Parada. Serpa was neither a good nor a bad student at Santander, just average, until he graduated in 1960.

He wanted to study law at the National University in Bogota, but did not pass the admission's exam. He then traded the cold weather of Bogota for the 40-degree temperatures of Barranquilla and entered the Atlantic University School of Law, staying in La Arenosa. The average high school student then turned into a brilliant law student.

Before graduating in 1965, he held a number of different jobs as a student: night typesetter, egg vendor, even worked as a private detective for the Sears warehouse. With his "shingle" in a suitcase and his illusions symbolized by a now-flourishing mustache, he set up shop as a combined court judge in Tona (Santander) and began the judicial career that would make him a superior circuit judge.

The man who got Serpa into politics was Alfonso Gomez Gomez, a former minister from Santander who, while governor in 1969, picked him from a list of three to be mayor of Barranca. His judicial career thus came to an end and his move into politics began. He was 26.

Serpa was no outstanding mayor, repairing a street here and there, installing lights in a few remote barrios and giving posts to councilmen. The best memory Serpa has of his mayoralty has to have more to do with Cupid than public works, for it was there that he met Rosita Moncada, a Barranca native studying social work at the UIS in Bucaramanga who captured his heart from the moment some mutual women friends introduced them. Serpa married her and the couple has three children: two daughters and a son.

In 1972, Serpa was elected alternate councilman running on a Liberal Unity ticket in Barranca, a feat because ANAPO [National People's Alliance] and the Communist Party controlled the oil port at the time.

In 1974, Serpa became an alternate representative to the Chamber, running in the campaign that carried Alfonso Lopez to the presidency. In 1977 and while, as a member of the Commission of Accusations, he proposed trying the then minister of works, Humberto Salcedo Collante, he joined with Mario Olarte to form the Liberal Left Front, FILA, which has controlled Barranca ever since. In order to return to the House—as a full member now—he allied himself with the Communist Party, running on a campaign slogan of "Peace, Democracy and Socialism." He was elected with 8,510 votes. Since that time and until the end of the past decade, he occupied a chair in Congress. Serpa served as attorney general and minister of government, always alongside Ernesto Samper, whom he met in 1981. His loyalty, ascendancy over the Samperists, and leadership abilities made him the logical head of debate of the current president when the latter launched his precandidacy in 1989. In 1991, he became president of the National Constituent Assembly. Four years later, he had to share the leadership of the Samper campaign with Fernando Botero, the very man whose statements, until just a few weeks ago, nearly had him in jail.

Ecuador

Ecuador: Presidential Hopefuls End Campaign in Guayaquil

PY0507203896 Quito Voz de Los Andes in Spanish 1700 GMT 5 Jul 96

[FBIS Translated Text] Just 72 hours before the runoff and final presidential elections, presidential hopefuls Jaime Nebot and Abdala Bucaram have chosen Guayaquil, the largest city in Ecuador, and with a larger number of voters, to conclude their electoral campaigns through great rallies.

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In their respective speeches — which began several hours later than scheduled — the two candidates expressed their confidence that they will win the elections on Sunday, 7 July. They both said they have the support of most Ecuadoreans, who are about to elect a new president for a four-year term.

The political rallies were held last night: Bucaram ended his at midnight, the deadline for ending the electoral campaign.

Rightist Jaime Nebot was the first to speak at his rally. He spoke to scores of hundreds of followers who gathered in downtown Guayaquil. He reaffirmed his promise to maintain economic stability and to pay special attention to social policies. His followers crowded the downtown 9 de Octobre Avenue in Guayaquil, which was decorated with placards, balloons, and posters of the candidate.

Nebot was accompanied by his running mate Diego Cordovez; former presidential candidates Jacinto Velasquez and Jose Gallardo; Isidro Romero, deputy-elect and millionaire entrepreneur; and political leaders of the Social Christian Party which sponsored his candidacy.

Nebot said that by joining desires, hearts, wills, and talents, the wealth of the country will finally be at the service of Ecuadoreans, at the service of the poor; wealth will be turned into employment, education, health, and security.

Populist candidate Bucaram also chose downtown Guayaquil, in the area called the Five Corners, to hold the last rally of his campaign with tens of thousands of followers encouraging him.

The Uruguayan musical group Los Iracundos performed before Bucaram's speech. The group's singer, Jorge Gatto, and Bucaram sang songs made popular by this group in the 1970's. Bucaram was accompanied by his vice presidential candidate Rosalia Arteaga; Frank Vargas, former populist and presidential candidate; former President Carlos Julio Arosemena; representatives of political parties of the center left; and leaders of the Ecuadoran Roldosist Party which sponsored his candidacy.

Bucaram said that, on 7 July, the poor will shout slogans of freedom and democracy to the oligarchy. He added that he and Peruvian President Alberto Fujimori will find a solution to the territorial conflict. There will be dialogue and agreement. There will be a solution without splitting the national territory, he said, referring to the territorial conflict between the two nations.

The Ecuadoran Constitution establishes that electoral campaigns must end 72 hours before the elections, so as to grant a period of meditation by the voters.

On 7 July, about 6.5 million Ecuadoreans will cast their votes between Nebot and Bucaram as the new president who will govern the 11 million or so inhabitants for the next four years.

The democratic transition of government is scheduled for 10 August, when President Sixto Duran-Ballen's constitutional term in office will end.

Ecuador: Moncayo Wants 'Patriotic' Loser, 'Humble' Winner

PY0607011296 Quito Voz de Los Andes in Spanish 2300 GMT 5 Jul 96

[FBIS Translated Text] Ecuadoran Army Commander General Paco Moncayo today called on the two presidential candidates, populist Abdala Bucaram and Social Christian Jaime Nebot, to be calm when the results of Sunday's runoff elections are known.

Moncayo said: I ask the loser to be timely and patriotic in conceding defeat and the winner to be humble and understand the great responsibility of being a winner.

This is not a war, said Moncayo who enjoys great respect and prestige in Ecuador. He added: It is only an election among Ecuadoreans who will continue united as of 8 July. He said the new president must have the support of the entire country to be able to govern.

General Jorge Ortega, chairman of the Armed Forces Joint Command, called on Ecuadoreans to exercise their civic rights, and to ponder on the significance of the elections.

Gen. Moncayo said the participation of the Ecuadoran people in the elections is very important for the democratic process.

Ecuador: PSC Candidate Jaime Nebot Discusses Platform

PA0707033496 Madrid EFE in Spanish 2230 GMT 6 Jul 96

[FBIS Translated Text] Guayaquil, Ecuador, 6 Jul (EFE) — Social Christian Party (PSC) candidate Jaime Nebot said today Saturday that, if he wins tomorrow's presidential elections, he will divulge his government's "game plan" for Ecuador and the world on the same day he is sworn in, on 10 August.

"I will clearly state Ecuador's game plan on the evening of my inauguration, to provide juridical security, confidence, and the minimum conditions for profitability and investment," Nebot said in an interview with EFE.

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Nebot emphasized that he will carry out a policy "of investment in the people with clear rules" in a country that is "immensely rich and with great possibilities of achieving growth if the state is well managed." According to Nebot, this has not occurred with conservative Sixto Duran-Ballen's current administration.

He insisted on his plans to modernize the state and limit the government's participation in production activities and in international trade relations; and he emphasized that he will sponsor worldwide integration rather than regional integration.

"I think relations with Mercosur (Common Market of the South) — Argentina, Brazil, Paraguay, and Uruguay — are too incipient. I am an advocate of integration, globalization, and opportunities as long as they are subject to conditions that benefit the country, Nebot said. He is practically even with his opponent from the Ecuadoran Roldosist Party (PRE), Abdala Bucaram, in the polls.

Referring to the "bad shape" in which he will reportedly receive the country if he wins the elections, Nebot said he will seek to reactivate the economy and production while sponsoring "growth based on confidence and lower bank interest rates, as well as a controlled inflation."

"Inflation is not only controlled with monetary methods. It is basically controlled with higher production, less spending by the state, and a higher participation by the private sector," the PSC candidate added.

He also commented on international issues and said the peace process with Peru is what worries him the most.

"I will continue with the peace process inspired by a peaceful solution of controversies based on international laws. This is a difficult road, with obstacles, but it must be slowly and steadily traveled. The important thing is to reach an honorable agreement that, for us (Ecuador), signifies a durable, proud, and sovereign peace with Peru," Nebot said.

Moreover, PRE candidate Abdala Bucaram, who also feels confident he will win tomorrow's elections, told EFE he will continue the peace process "respecting the agreements signed last year" to definitively close [as received] the Ecuadoran-Peruvian border.

A total of 6.6 million Ecuadoreans are scheduled to vote tomorrow, when they must choose, between Bucaram and Nebot, current President Sixto Duran-Ballen's successor.

Ecuador: Security Doubled in Guayas Province for Elections

PA0707154196 Madrid EFE in Spanish 1314 GMT 7 Jul 96

[FBIS Translated Text] Quito, 7 Jul (EFE) — Marco Hinojosa, general commander of the National Police, has reported that at least 150 people were detained on charges of breaking the alcohol use ban before the presidential runoff elections in Ecuador.

This law, which prohibits the sale and consumption of alcoholic drinks, is effective in Ecuador from 36 hours before the opening of the ballot boxes at 0700 (1200 GMT) today and lasts until 12 hours after the closing of the voting sites at 1700 (2200 GMT).

A total of 22,500 Armed Forces and 15,000 National Police members are participating in the second stage of the "democracy" operation to guarantee the electoral process' security and prevent incidents among followers of the two candidates for president.

The security forces have reported that vigilance has been doubled in Guayas Province today on the country's coast, the home region of the two candidates who are participating in the election, populist Abdala Bucaram and conservative Jaime Nebot, who are neck and neck.

Also in that province, the country's most densely populated, the Supreme Electoral Council has intensified controls to prevent fraud, because it was in this province that the largest number of irregularities were reported during the first round of elections on 19 May.

Ecuador: TSE President Announces Start of Runoff Elections

PA0707140696 Quito Voz de los Andes in Spanish 1200 GMT 7 Jul 96

[Statement by Dr. Carlos Pardo Montiel, president of the Ecuadoran Supreme Electoral Tribunal, TSE, at TSE headquarters in Quito — live]

[FBIS Translated Text] Mr. President of the Republic; Mr. President of the Honorable National Congress; Messrs. Ministers of State; Mr. President of the Tribunal of Constitutional Guarantees; Mr. Members of the Supreme Court of Justice; Mr. Vice President and Messrs. members of the Supreme Electoral Tribunal; Messrs. members of the Joint Command of the Armed Forces; Mr. Commander General of the National Police; Mr. President and members of the Provincial Electoral Tribunal of Pichincha; Mr. former President of the TSE Francisco Ramon Gallegos; Messrs. members of the Diplomatic Corps; Messrs. international observers; representatives of friendly countries; Messrs. members

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of the Inter-American Institute on Human Rights [word indistinct]; Messrs. members of the International Foundation on Electoral Systems [word indistinct]; Messrs. Senators and Deputies; members of Copppal [Permanent Conference of Latin American Political Parties], which gathers Latin American and Caribbean political parties; Messrs. members of the OAS; Messrs. members of the Ecuadoran Committee on Human and Labor Rights:

At this altar of the fatherland, on this day, on behalf of the TSE, I declare the opening of the elections for the new president of the Republic.

Ecuadoreans, this is an important day for our fatherland to elect in free and democratic elections the next president and vice president of the Republic, who must tackle the problems that afflict our fatherland.

This is not a simple election, because the closeness of the 21st Century suggests we must be prepared as a country; that we must modernize; that we must change the very structure of the state in order to hope to live better in the next century and thus overcome our weaknesses and [word indistinct].

Ecuadoreans, there are times; there are electoral times in the countries and in Ecuador, when social equilibrium is broken, when the all-out efforts to make improvements are (?rejected) and [word indistinct] no idealism is respected. But political passion must be toned down in these last two days, when by mandate of the law in Ecuador no propaganda can be produced in favor of the two candidates of these runoff elections.

Modern civilizations have marvelous means to shorten distances among countries and to carry out interplanetary journeys, but they have no means to reduce the suffering and poverty of the peoples.

Hopes for better days are born when we get ready to vote in elections to chose new leaders. This is why it is good to live in a democracy in which people have the freedom to elect without any barriers or limitations. The people, however, also expect that this democracy will ensure that the popular will voiced through their votes will not be manipulated or distorted.

Aware of this aspiration of the people with democracy, the TSE has surpassed itself and taken on the organization of the runoff elections with great patriotism and integrity. It has issued a number of measures to prevent immoralities that could take place at the polling station, in particular. It decided that the armed forces will arrest any person attempting to commit irregularities at the polling station. We are also using computarized voting lists and tally sheets to prevent counterfeiting.

Behind this backdrop, the TSE urges Ecuadoreans to vote massively to elect the future president of the Republic, and that they do so with the country always in their minds; with their children and parents, if they are single, in their minds without being influenced by the exaggerated amount of electoral propaganda.

Finally, from this place, I wish to urge the loser of the two candidates, for the sake of the fatherland, to acknowledge defeat with nobility and civic-mindedness and not claim electoral fraud when he did not receive the votes and support of the Ecuadoran people.

I ask them to not forget Bolivar's thought that man is greater in defeat than victory.

This is how all Ecuadoreans must behave. The fatherland is waiting for us at the voting centers. Ecuadoreans, let us reaffirm our faith in democracy, because we are all builders of the fatherland. Thank you very much, Ecuadoreans. [applause]

Ecuador: Armed Forces 'Not Invited' to Opening of Election

PY0707215796 Madrid EFE in Spanish 1627 GMT 7 Jul 96

[FBIS Translated Excerpt] Quito, 7 Jul (EFE) — The Armed Forces top command was not invited today to the opening ceremony of the runoff presidential elections that it traditionally attends at the beginning of the electoral process.

Defense Minister Alfonso Alarcon today said: "I know that no invitation was extended" by the Supreme Electoral Board to the top command to attend that ceremony, with which the electoral process is officially opened.

Military troops throughout the country have been receiving reports on the situation from early in the morning, Alarcon said. He added that situation was absolutely calm during the first hours of the electoral process.

He said: "The Armed Forces personnel are prepared, are trained, there is appropriate coordination and essential patrols to guarantee the absolute normality during this process, and we hope there will be no reports of incidents."

Approximately 15,000 policemen and 22,500 Armed Forces troops today are watching over the security and order of the day in this second stage of "Operation Democracy."

Moreover, Army Commander General Paco Moncayo said: "I believe the country has grown considerably more mature in democracy, and the electoral process

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has been normal, perhaps a tough campaign has impressed the Ecuadoreans, but we see that everything is developing normally."

He has called upon the Ecuadoreans to overcome disagreements of the campaign to focus on and support the winner of the elections in order to "continue supporting the country's development." [passage omitted]

Ecuador: Duran-Ballen Calls on People To Vote, Accept Results

PA0707184696 Madrid EFE in Spanish 1511 GMT 7 Jul 96

[FBIS Translated Text] Quito, 7 Jul (EFE) — Ecuadoran President Sixto Duran-Ballen has asked the people to cast their votes to elect his successor in today's runoff elections. He recommended that the people and candidates calmly accept the results of the vote count. "I am asking the Ecuadoran people to vote," Duran-Ballen said after casting his own vote at Quito's Colegio Aleman, accompanied by his bodyguards as usual, shortly before 0800 (1300 GMT).

Nevertheless, he said, "people are not as eager as they should be, considering that we are defining our future, not only for the next four years, but for a long-term basis."

He asked conservative candidate Jaime Nebot and populist candidate Abdala Bucaram "to democratically accept the election results" and reiterated the request that Supreme Electoral Tribunal President Carlos Pardo made this morning when he opened the election. Duran-Ballen said he expects this to be a "transparent process" and that "no one should feel he has the right to create disorders or perpetrate abuses under the pretext that there is some alteration in the electoral process."

The president, who on 10 August will hand over office to the winner of today's elections, clearly appealed for calm in view of reports by the candidates' parties a few days ago that there were fraud plans. "I wish the next president success," and "like me," he can devote "his energy to work for our dear country," he said.

In a short assessment of his four years of government, Duran-Ballen described as positive the fact that "he never took a step backward" in the war that his country waged against Peru early in 1995. In addition, he lowered inflation, increased monetary reserves, and increased the number of roads and highways.

He described as negative the "the lack of foresight" which, after a severe drought, led to an unprecedented energy crisis last year that seriously damaged the country's most productive sectors.

He also said that, during his mandate, which started in August 1992, freedom of the press and the people's human rights were especially respected.

Ecuador: Bucaram Predicts Sweeping Victory, Discusses Cabinet

PA0707192196 Madrid EFE in Spanish 1608 GMT 7 Jul 96

[FBIS Translated Excerpt] Abdala Bucharam, presidential candidate for the Ecuadoran Roldosist Party (PRE), voted this morning in his hometown of Guayaquil to the shouts of "the fatherland."

The candidate yelled: "Forever and ever, viva the Fatherland," as he waved his ballot slip to a large number of supporters that chanted party slogans in favor of Bucaram at the Ana Paredes School in Rocafuerte parish.

Abdala Bucaram came to vote at 1000, only a half hour after his opponent Jaime Nebot, presidential candidate of the Social Christian Party [PSE], who was also born in the coastal and industrial city of Guayaquil.

After casting his vote, Bucaram went to a neighborhood restaurant with his family and his campaign manager Alfredo Adum, where he spoke with national and international reporters.

"We are sweeping" today's elections because "all the poor people in Ecuador are supporting Abdala," the PRE candidate said regarding his impending victory.

With a triumphant air, Bucaram said he will hold his first meeting with the party to create his economic cabinet, and that he will have the counsel of businessman Roberto Isaias, one the wealthiest men in Ecuador.

Regarding the general makeup of his administration, Bucaram said that it will be comprised of leaders of the parties that supported his PRE candidacy, including Frank Vargas Pazzos, a general in the reserves and a former presidential candidate.

Regarding the possibility of electoral fraud, Bucaram pointed out that he has faith in the people's votes and that the only "alternative open to the PSE is lying during the exit polls, although the difference (in support) is so great that they won't be able to do that." [passage omitted]

Ecuador: Nebot To Accept Results if No Fraud Reported

PA0707195196 Madrid EFE in Spanish 1550 GMT 7 Jul 96

[FBIS Translated Excerpt] Quito, 7 Jul (EFE) — While casting his vote, Jaime Nebot, Social Christian Party

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(PSC) presidential candidate, today said that he will accept the election results as long as there is no fraud. "The least a conscious, chivalrous candidate could do is to accept the results of the elections, as long as this electoral process is, as we hope, clean and honest and respects people's resolve," Nebot pointed out while he cast his vote in Guayaquil, his hometown.

However, the presidential candidate, who was surrounded by his sympathizers, stressed: "I have not heard of any significant anomaly so far; we hope the process — it is still too early to say this — will continue to follow strict democratic guidelines to guarantee the vote's integrity."

"For the time being, it seems to me that the organization of the elections is working; I say for the time being, because we are awaiting their conclusion," Nebot added. He cast his vote at the Sacred Heart School located in Ximena parish at 0930 local (1430 GMT).

Nebot asked the Ecuadoran people to "vote and choose a positive option and told them to vote for their families, children, and the future and to respect and make others respect the electoral outcome."

The Social Christian candidate, who runs for the second time in this electoral process, affirmed: "I believe that there is an optimistic climate prevailing in the country, and I believe that the country will make an advisable decision regarding living a better life and achieving wellbeing." [passage omitted]

Ecuador: Nebot Mistrusts TSE, Trusts Armed Forces, People

PA0707203496 Mexico City NOTIMEX in Spanish 1853 GMT 7 Jul 96

[FBIS Translated Text] Quito, 7 Jul (NOTIMEX) — Social Christian candidate Jaime Nebot has expressed his mistrust of the Supreme Electoral Tribunal [TSE], which organized today's elections.

Nebot said he trusts the Armed Forces, which control the process, the international observers, the press, and the people.

Nebot arrived in Quito from Guayaquil on a lightning visit to his closest associates in the campaign. His visit will also take him to Cuenca in the south and Portoviejo in the center.

The other candidate, Abdala Bucaram, remained in Guayaquil, his hometown, where he said he regretted Nebot's mistrust of the TSE. Bucaram interpreted Nebot's remarks as a sign of uncertainty of victory.

Bucaram said he is satisfied with the election and expressed confidence in the process, which he said has proceeded normally, and invited the Ecuadoran people to work together after the election ends.

TSE President Carlos Pardo, who flew to Guayaquil after opening the elections in Quito, said that the TSE has adopted the necessary measures to ensure the election's transparency. "We took drastic measures, particularly in Guayaquil, to prevent the irregularities that occurred in the first round of elections on 19 May," he said.

After the first half of the runoff election concluded, the process continues normally under a summer sun in most of the country.

According to reports from provinces, as well as Guayaquil and Quito, the country's two largest cities, there has been no major news, except reports of isolated problems in the supply of ballots.

Nearly 6 million Ecuadoreans today elect their president for the coming four years between Bucaram and Nebot in a contest described as neck and neck.

More than 100 international observers from Mexico, Argentina, Brazil, the United States, Colombia, the OAS, and other international agencies are in various cities to supervise the elections.

Ecuador: 'Absolute Calm' Throughout Nation During Election

PY0707205096 Quito Voz de Los Andes in Spanish 1958 GMT 7 Jul 96

[FBIS Translated Text] At 1300 [1800 GMT] the country is absolutely calm and there have been no reports on major incidents during the electoral process. Foreign observers and representatives of the two candidates reported that so far there have been no major incidents that could affect the results of the elections.

At 1315 [1815 GMT], Abdala Bucaram, who is confident that he will win the elections, calls for national unity and added that he hopes to attain the support of all political forces of the country. He also promised to include in his government the best people, including members of the Social Christian Party, if its members concur with this idea.

In sum, there is absolute calm in the country as far as the development of the electoral process is concerned.

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Ecuador: Bucaram Urges People To Defend Victory of Poor

PY0707230996 Quito Voz de Los Andes in Spanish 2247 GMT 7 Jul 96

[Relay by reporter Loida Carriel from headquarters of presidential candidate Abdala Bucaram Quito — live]

[FBIS Translated Text] Presidential candidate Abdala Bucaram has just said that the Ecuadoran people should go out into the streets to defend the victory of the poor. Apparently, Bucaram still does not know exactly who the winner in these elections is. He is practically calling on people here in Guayaquil and all over Ecuador to defend this victory, even though nothing has been officially announced as to who won the elections. The Ecuadoran electoral network has not announced the winner. It is expected that exit poll results will be disclosed at 1800 [2300 GMT] indicating who the winner is.

Ecuador: TV Says Bucaram Wins With 53 Percent of Vote

PY0707232096 Quito Voz de Los Andes in Spanish 2305 GMT 7 Jul 96

[FBIS Translated Text] The Telered Electoral Network, an Ecuadoran television network, has released the following figures on the elections: 52.8 percent for Abdala Bucaram or 1,957,878 votes; and 1,749,000 votes for Jaime Nebot. According to these figures, Abdala Bucaram Ortiz is the president-elect.

Ecuador: Presidential Candidate Bucaram Claims Victory

PA0707234796 Quito Voz de los Andes in Spanish 2156 GMT 7 Jul 96

[Report by Mauricio Carpio and Loida Carriel]

[FBIS Translated Text] Abdala Bucaram and Rosalia Arteaga, presidential and vice presidential candidates for the Ecuadoran Roldosist Party, PRE, are about to address the journalists who have gathered at Bucaram's residence in Guayaquil. Members of the media are being asked to keep their composure and allow candidate Bucaram to speak. He is accompanied by his running mate Rosalia Arteaga.

Arteaga arrived approximately 15 minutes ago. She is now at the place where a news conference will be held. They have been claiming victory. Let us listen to Abdala Bucaram.

[Bucaram, in progress] ...information when the board [words indistinct] the Republic of Ecuador is winning by a margin of more than 150,000 votes at the national level, but the Social Christian Party intends to create an informational fraud based on exit polls made in certain provincial capitals. They are losing in 20 provinces in the Republic of Ecuador, yet they intend to tell the nation they have won the elections. I want to ask the country to be on the lookout for the official results of the vote reception boards, which are the ones that will determine that Abdala Bucaram is the president of the Republic. We have obtained results from the entire Republic of Ecuador, and, as I said in the campaign, this victory has been an Ecuadoran victory. The poor have won.

[Carriel] Abdala Bucaram Ortiz made those statements. We still do not know whether he will be the new president of the Republic. Let us listen to him once again.

[Bucaram, in progress] ...votes in favor in Quito. Mr. Nebot also will attempt to perpetrate a fraud and say he won the elections [words indistinct].

[Carpio] Those were the statements made by Lawyer Abdala Bucaram while addressing journalists at his residence.

[Bucaram, in progress] ...vote reception boards [words indistinct] exit poll results. We estimate our lead to be between 150,000 and 250,000 votes.

[Unidentified reporter] [Words indistinct].

[Bucaram] We believe all the provinces of the Republic of Ecuador except Guayas Province.

[Carpio] Abdala Bucaram is answering some of the questions asked by the reporters who have gathered at his residence. Bucaram is also accompanied by his eldest son and some bodyguards. As we have mentioned before, he is also accompanied by his running mate, Rosalia Arteaga.

[Carriel] Abdala Bucaram says that according to exit polls, the PRE has won the elections, but neither of the two national networks [words indistinct] has given any exit poll results yet. Let us listen to Abdala Bucaram again.

[Bucaram] We thank you [words indistinct] thank you. I believe Ecuador will [words indistinct].

[Carpio] Bucaram takes the hand of his running mate, Rosalia Arteaga, and raises her hand as a sign of victory while they walk toward a room inside the house.

The situation is returning to normal in this room located at the home of Abdala Bucaram.

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Ecuador: Electoral Analysts Reject Bucaram's Victory Claim

PY0707235596 Quito Voz de Los Andes in Spanish 2202 GMT 7 Jul 96

[Interview with electoral analysts Eduard Jaramillo, Lautaro Ojeda, and Gonzalo Ortiz by unidentified announcer in studio in Quito — live]

[FBIS Translated Excerpt] It is now 1702 [2202 GMT]. The election period has ended. We want to talk now with Eduard Jaramillo, who is here with us. The Telered network did not want to give unofficial results of the exit polls because the difference is too close. What would be your first comment about this situation?

[Begin recording] [Jaramillo] Very seldom have we seen something like this. The difference in votes is too little, and the media networks are not announcing a winner because the difference is too close, that is, it is less than the margin for error. With [station] reporter Edwin [not further identified] we have been talking about the margin for error of the exit polls, which is a little larger than other polls, precisely because of the manner in which the data are gathered. More so because the rural sector is not considered. Thus, I think this is going to be like old times, that we will have to wait for the official results of the ballot boxes. This will be a vote to count because the two candidates are running neck and neck.

[Announcer] Dr. Lautaro Ojeda, what is your opinion?

[Ojeda] Under these circumstances I think we must be very patient and calm, although this must appear to be opposed to the current obvious fervor of the elections. We must wait until we have some results to think about what everyone is thinking, about returning to a peaceful situation, and how to reach an agreement.

[Jaramillo] The decision adopted by the television channels is consistent with the decisions adopted a few days ago, that not having much information on the matter at that moment, that the margin is not broad enough, it is better not to give an opinion on a possible winner. The obvious thing is to do what they have done, that is, to wait for the official results and then inform the public. I think the decision adopted by the three media networks that conducted the exit polls today is correct.

[Announcer] That is, that it's just a matter of time. We must wait.

[Ojeda] I believe, however, Edwin, that it is quite different to refer to the remarks made just now by Abdala Bucaram, that the media has committed fraud because, although he is the winner, the media networks will not announce it.

[Announcer] He said that according to exit polls he was leading by 150,000, and so he declared himself the winner.

[Ojeda] That's right. I believe this is just a political move. In fact we must not believe that he is the victor, but that he is ahead of any report, and as any good politician, what he wants is to take the stance of a winner. I think this must also be ruled out, and we must wait for the results of the voting stations.

[Announcer] I would also like to hear your opinion on Bucaram's statement, Gonzalo.

[Gonzalo Ortiz] I fully agree with Jaramillo. I think this is just the continuation of the style and of the type of campaign. This is an aggressive policy, that whoever hits first will win. At least this is how I interpret it: I am the winner, and any pretext against it is wrong.

[Ojeda] I have not heard Bucaram's statement, but I agree with what Gonzalo Ortiz said. I cannot do anything else but reject this type of expression because we have been linked to all the established information services and we are aware of their seriousness and the responsibility with which they are handling information. I do not think it is suitable at this moment to make such a statement, and more so knowing that Bucaram also has the same information, and he knows the real situation. It is very bad to make this type of remark.

[Announcer] How long must we wait to obtain some results? Or will we have to wait as in soccer until the end, or in this case at least until midnight?

[Jaramillo] I don't think we will have to wait too long. There was only one ballot, and the tally will be fast, so that in a couple of hours we will have a report to have a clear idea of what will happen.

[Announcer] Dr. Ojeda, in any case, how can we analyze this situation in the country when there is a virtual tie in these runoff elections between these two candidates?

[Ojeda] Well, this is a subject that requires a long time, and we do not have much time now. But I believe the populist phenomenon as such, is taking over this process because there is no ideological phenomenon in between. Besides, this is a populist phenomenon with clear signs of the right. I think the right is present in this process, and the right, whether poor or rich, whether less poor or less rich, is very difficult to analyze, especially from the point of view of [word indistinct] or from the ideological point of view. [passage omitted]

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Ecuador: Three Exit Poll Results Reveal Bucaram's Victory

PY0807002696 Quito Voz de Los Andes in Spanish 2350 GMT 7 Jul 96

[FBIS Translated Text] We want to confirm the report we have released over the past few minutes. Preliminary results by the Telered network show that lawyer Abdala Bucaram has obtained 52.2 percent of the votes against 47.8 percent obtained by Jaime Nebot.

Moreover, the Option-96 network has reported that Bucaram is leading with 55.2 percent, while Nebot obtained 44.8 percent.

The Cedatos enterprise has reported that Bucaram has defeated Nebot with 50.31 percent of the votes against 49.6 percent obtained by Nebot. These new reports have overruled preliminary predictions released a little before the end of the electoral process, when exit polls reportedly gave a victory to Nebot.

In a separate report released by a survey conducted by the Cedatos polling company, the results were different as compared to the latest results being released now.

Executive officials of the three polling companies have said that the Supreme Electoral Board will give the final result once the official tally of votes is concluded. The release of these new reports has contrasted with the previous reports issued by the three main communications media, that they would not release the results of the exit polls because of the slight difference between the two candidates.

Thus, lawyer Abdala Bucaram Ortiz is the new president-elect of the Republic who will assume office on 10 August 1996 at the National Congress.

Dr. Rosalia Arteaga has obtained the Vice Presidency of the Republic.

Ecuador: 'President-Elect' Bucaram Urges National Unity

PY0807001996 Quito Voz de Los Andes in Spanish 2310 GMT 7 Jul 96

[Relay by reporter Loida Carriel from private residence of presidential candidate Abdala Bucaram in Guayaquil — live]

[FBIS Translated Excerpt] [Carriel] There is great euphoria here in the press office of the residence of the new president-elect, Abdala Bucaram Ortiz. The president-elect is receiving the applause and embraces of his relatives, members of his future cabinet, and his followers. Many of them are even crying over the fact that Abdala Bucaram won with 56 percent of the votes. The media is all over the new president-elect, he cannot even move. Efforts are being made to impose order here in the press office. [passage omitted]

[Bucaram, in progress] ...to the Ecuadoran people [words indistinct] memories of comrades Roldos [ex-President Jaime Roldos], Marta [not further identified]. My thanks to my parents for my education, to my family, my brothers, my wife and children for the unity they have shown, [words indistinct], to my friends who always [words indistinct], and also my thanks to all political parties, especially to the Liberal Party, to the concentration of popular forces, to the grass roots of the democratic left of the Christian Democratic Party, [words indistinct], to the Socialists, to National Liberation, [acronyms indistinct], to the Alfarista Radical Front, to the Pachacutic Movement, [acronym indistinct]. I would like to convey to all of them my profound recognition for this victory, and my special recognition to my political party, a party which has been questioned, criticized [words indistinct], a party that is making history in the memory of comrades Roldos and Marta.

I called on my political rivals to an understanding [words indistinct], to a national leader who made a great sacrifice [words indistinct], a leader who was arrested and tried cowardly, a leader who was even accused of drug involvement in Panama, who was not given the right for defense, a leader [words indistinct] struggle for the human rights of the poorest.

I also express to the poor people of this country, to the mothers, to the men who cried with me during this campaign that they can rest assured that I will lead Ecuadoreans toward an agreement, by putting away hate and revenge. Ecuador needs us all [words indistinct]. I will look for the best men so that my country can have a great government. I will look for the men of all political trends [words indistinct].

To those I did not convince, I apologize. I make a formal promise in the presence of Ecuadoreans to improve. I learned a great deal in the past from the many mistakes I made [words indistinct]. I will denounce any bad actions [words indistinct] and I hope [words indistinct] of the Social Christian Party to help for the governability of the country [words indistinct]. Thank you very much.

Ecuador: Polling Company Releases 'Final' Results

PY0807023596 Quito Voz de Los Andes in Spanish 0125 GMT 8 Jul 96

[FBIS Translated Text] We want to give you the final results of exit polls released by Option-96 network. Candidate Abdala Bucaram and his running mate Rosalia Arteaga obtained a total of 2,202,001 votes. This represents 54.11 percent of the valid votes, 47.57 percent

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of overall votes cast today, and 33.05 of all registered votes.

Candidate Jaime Nebot and his running mate Diego Cordobez have obtained a total of 1,867,133 votes, 45.89 percent of all valid votes, which represents 40.33 of all votes cast today, and 28.03 percent of overall registered votes.

Blank votes total 44,741, 0.97 percent of all votes cast, and 0.77 percent of overall registered votes; while void votes total 515,471, which represents 11.13 percent of all votes cast today, and 7.74 percent of overall registered votes.

Absent votes total 2,031,671, which represent 30.51 percent of overall registered votes.

It is appropriate to mention that the winner does not need to obtain more than 50 percent of the votes to win, but a simple majority. Bucaram obtained 54.11 percent of all valid votes.

The Nebot-Cordobez ticket obtained 1,867,000 votes, that is, an approximate difference of 340,000 votes, which according to Option-96, represents a difference of 9 percent in the overall percentage of valid votes.

As we have heard, according to Option-96, blank votes total 0.97 percent, that is, less than 1 percent; and 11.13 percent of null votes.

We have thus given you the final results of the elections, the results of the 6.5 million Ecuadoreans who cast their votes today.

Ecuador: Presidential Candidate Nebot Concedes Defeat

PY0807034296 Quito Voz de Los Andes in Spanish 0056 GMT 8 Jul 96

[Speech to the nation by presidential candidate Jaime Nebot in Quito — live; broadcast in progress]

[FBIS Translated Text] ...and I hope, deep down from my heart, that the Ecuadoran people will not have to suffer terribly the next four years. They don't deserve it, and those who voted for me deserve it even less, and those who made a mistake do not deserve it either. I hope I am wrong, for God's sake I hope I am wrong but as I said four year ago, it is quite possible that I will not be wrong.

In any case, [words indistinct] if the country suffers and if it needs Jaime Nebot, the country will have Jaime Nebot, because Jaime Nebot is a generous man who knows how to struggle for the Ecuadoran people. He has shown that he does not need to be president of the Republic to struggle for the Ecuadoran people. He might not be interested in being a presidential candidate again, but he is indeed interested in the well-being of the Ecuadoran people. He cares for the 1.9 million Ecuadoreans who voted for us because those who believed in us know that they we will not be left unprotected [applause], that they will not be left in the hands of anyone who wants to harm them, to harm the country, but I hope that will not happen. God willing, I hope the one leading the destiny of the country will one day mature and tell the truth, and really feel the pain of the poor people and solve their problems.

But if this does not occur, there will be someone defending those 1.9 million Ecuadoreans who trusted in a government plan, in a government proposal, in a sincere desire for well-being, to come out of poverty and unemployment in the country. Of course, we will also defend those who repented [applause] [words indistinct].

In any case, I would like to thank the people here, the large number of people who are not here, who are all over the country, the Social Christians, the many who participated in this enjoyable struggle, in this struggle that allowed us to give our best for the service of Ecuador. Because we wanted to give Ecuador a real alternative. [60-second break in transmission]

[in progress] ...about what happened in this administration. Let me reiterate that I could be wrong and I say it with all honesty, this time I do want to be wrong so that Ecuador can enjoy the well-being it deserves. But if I am not wrong, although it may be too early to say, I believe the country must mature, it must realize that serious politics, the politics understood as that of doing the best — the politics of service, of achievements — is not something that can be dealt with in a trivial or irresponsible manner. The music and singing can be enjoyable, lying can be easy, and promises without foundation can be an everyday thing. But when facing reality, the important thing is not to be poor anymore, that hospitals function, that education is real, that security be recovered, that the country grow, because growth brings well-being, and well-being comes from work and better wages. What also counts is international peace, managed with responsibility, which is basically needed to be able to solve the social and economic problems.

If we again unfortunately suffer such an experience, Ecuadoreans should think that it is never too late to learn, that it is never too late to meditate, that it is never too late to solve problems, and that it is better late than never to begin to live well. The people must be first, not that only the poor must be first, but basically the most important thing is that Ecuador become a reality.

This is what I wish for the country from the bottom of my heart. If this does not happen we will be there next

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to you, next to the majority of the Ecuadoran people to watch over them, by leading a constructive opposition to the new government. I have to say opposition because obviously we do not agree and we will not agree on the issues on which there can be no agreement, on the issues that may be brought up and are against the well-being we wanted to create, issues we were not able to bring up despite our effort. But we are not here to destroy, we are here to tell the new administration if it is wrong, why it is wrong, and as we did with the administration of President Sixto Duran-Ballen, to propose with responsibility, integrity, honesty, and within the democratic principles, the basic solutions to move the country ahead.

This is what counts, and I will conclude with an expression in which I believe and which I used when I concluded my electoral campaign: Now more than ever, move ahead because we are Ecuador, we must be and we deserve to be. Thank you very much.

Ecuador: Bucaram Vows To Seek Peace With Peru

PY0807035196 Madrid EFE in Spanish
0206 GMT 8 Jul 96

[FBIS Translated Text] Quito, 7 Jul (EFE) — Ecuador's virtual President-elect Abdala Bucaram, according to unofficial results, today offered Peru an agreement and dialogue, and asserted that he will resort to all possible actions to seek peace and tranquility to resolve the territorial dispute with that country.

Bucaram said: "There is a supreme principle that must be respected but I believe, however, that the national policy seeking dialogue and agreement must be the basis of our administration, of our future action (negotiations)."

Ecuador and Peru are involved in a peace process following the undeclared war waged from 26 January to 28 February 1995 over a border region in the Amazon.

Bucaram said the problem with Peru is "more a policy of the state than of the government." He said that "I prefer to be prudent" and to assure the Ecuadoran people that "we will resort to all measures to seek the peace and tranquility we deserve."

Asked if he will keep the same diplomatic team in the negotiations with Peru, Bucaram said: "This is an issue I discussed with the foreign minister (Galo Leoro)." He added: "It is unjust that these two countries, not only Ecuador, continue wasting time, money, and effort in killing each other among brothers."

Ecuador and Peru have a territorial dispute in an inhospitable Amazon region, 350 km south of Quito, that has led to three wars in the last 50 years.

Since the military conflict last year, the two countries have engaged in a negotiations process to overcome their differences and they are now getting ready to discuss the "essential problems" of the territorial differences.

Ecuador: International Observers on 'Democratic' Election

PY0807035596 Madrid EFE in Spanish
0242 GMT 8 Jul 96

[FBIS Translated Text] Quito, 7 Jul (EFE) — The mission of international OAS observers in Ecuador today stressed the democratic development of the presidential elections in Ecuador and asked the two candidates, the virtual winner Abdala Bucaram and conservative Jaime Nebot [sentence incomplete as received].

Diego Paz, coordinator of the OAS mission, said that the more than 50 international observers who make up the OAS mission "have observed an electoral process in keeping with the country's democratic spirit."

He added that for this reason, he "is fully confident that the final result of the elections will be accepted by the presidential hopefuls and the citizens in general, which will allow the electoral process to end in a climate of peace and tranquility."

Although unofficial results of the elections give victory to Bucaram, he recalled that "it is up to the Supreme Electoral Board to release the official results of the elections and to proclaim the winning candidate and the next constitutional president" who will succeed current President Sixto Duran-Ballen.

Once the elections are over, the OAS observers will observe the vote tally at the balloting tables, the preparation of the electoral records and their transfer to the provincial electoral courts for the official tally of the electoral results, the coordinator has reported.

Representatives of Argentina, Uruguay, Guatemala, Colombia, Paraguay, Bolivia, Brazil, Chile, the United States, France, Russia, and Korea comprise this mission.

Moreover, the Ecuadoran Human Rights Committee has provided 47 international observers in addition to the five of the Costa Rican Electoral Promotion Center, and nine of the Permanent Conference of Latin American Political Parties, Copal.

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